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Vol. I.

TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1906.

No. 588.

ILLINOIS CENTRAL RAILROAD COMPANY, GULF AND SHIP ISLAND RAILROAD COMPANY, SOUTHERN RAILWAY COMPANY, ET AL., APPELLANTS,

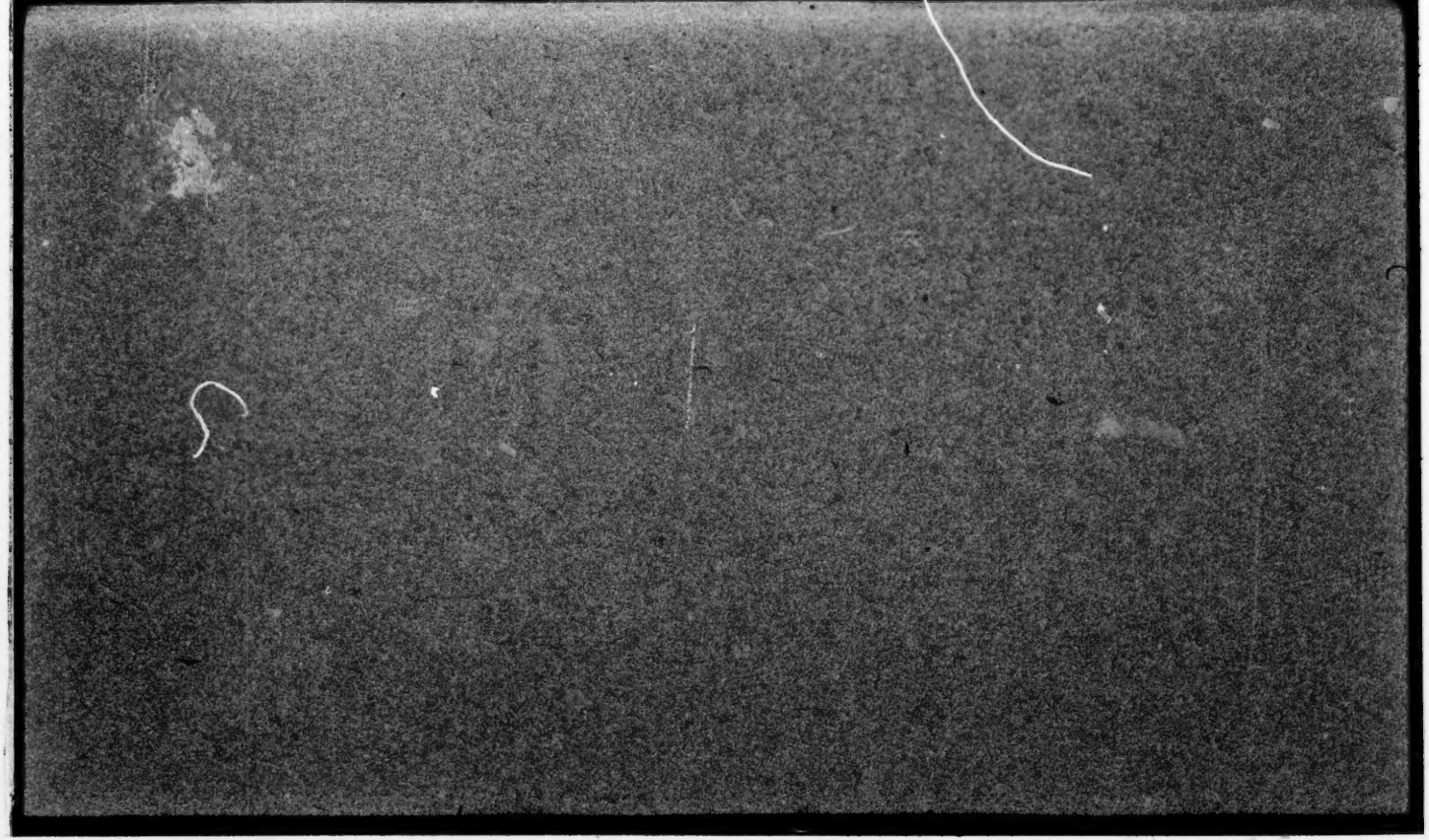
vs.

THE INTERSTATE COMMERCE COMMISSION.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF LOUISIANA.

FILED JANUARY 29, 1907.

(20,553.)



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a UNITED STATES OF AMERICA:

Circuit Court of the United States for the Fifth Circuit and Eastern District of Louisiana.

No. 13346. In Equity.

THE INTERSTATE COMMERCE COMMISSION, Appellee,

versus

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF AND SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE AND OHIO RAILROAD COMPANY, THE NEW ORLEANS AND NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS AND TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA AND VICKSBURG RAILWAY COMPANY, THE LOUISVILLE AND NASHVILLE RAILROAD COMPANY, Appellants.

W. W. Howe, Esq., U. S. District Attorney, and R. E. Foster, Asst. U. S. Atty., T. M. Miller, Esq., Special U. S. Attorney, L. A. Shaver, Esq., and Green & Green, Esqrs., for The Interstate Commerce Commission, Appellee.

Ed Baxter, Esq., Special Counsel, and Sidney L. Andrews, Esq., Ass't Special Counsel for the Defendants, Appellants.

Appeal from the Circuit Court of the United States for the Fifth Judicial Circuit and Eastern District of Louisiana to the Supreme Court of the United States, returnable at the City of Washington, D. C., within Thirty Days from the Thirtieth (30th) day of November, A. D. 1906.

Extension of Thirty Days' time from and beyond December 30th, 1906, for the return of the Appeal, granted by the Circuit Court of the United States for the Eastern District of Louisiana, in accordance with Rule 9 of the Supreme Court of the United States.

1 *Bill of Complaint.*

Filed June 17, 1905.

In the Circuit Court of the United States for the Eastern District of Louisiana.

In Equity. No. 13346.

THE INTERSTATE COMMERCE COMMISSION
v.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF AND SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE AND OHIO RAILROAD COMPANY, THE NEW ORLEANS AND NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS AND TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA AND VICKSBURG RAILWAY COMPANY, THE LOUISVILLE AND NASHVILLE RAILROAD COMPANY.

To the Circuit Court of the United States, sitting in equity, within and for the Eastern District of Louisiana:

Your petitioner, the Interstate Commerce Commission, which was created and established and now exists under and by virtue of an act of the Congress of the United States, entitled "An act to regulate commerce," approved February 4, 1887, as amended by an act approved March 2, 1899, and an act approved February 10, 1891, and an act approved February 11, 1895, humbly complaining, showeth:

I. That the Illinois Central Railroad Company is a corporation chartered under the laws of the State of Illinois, having its principal office in Chicago, in said State; that the Gulf and Ship Island Railroad Company is a corporation chartered under the laws of the State of Mississippi, having its principal office in Gulf Port, in said State; that the Southern Railway Company is a corporation, chartered under the laws of Virginia, having its principal office in Richmond, in said State; that the Mobile and Ohio Railroad Company is a corporation, chartered under the laws of the States of Alabama, Mississippi, Tennessee, and Kentucky, having its principal office in Mobile, in the State of Alabama; that the New Orleans and Northeastern Railroad Company is a corporation, chartered under the laws of the State of Louisiana, having its principal office in New Orleans, in said State; that the Alabama Great Southern Railroad Company is a corporation, chartered under the laws of the State of Alabama, having its principal office in Birmingham, in said State; that the Cincinnati, New Orleans and Texas Pacific Railway Company is a corporation, chartered under the laws of the State of Ohio, having its principal office in Cincinnati, in said State; that the Alabama and Vicksburg Railway Company is a corporation, chartered under the laws of the State of Mississippi, having its principal

office in New Orleans, in the State of Louisiana; and that the
2 Louisville and Nashville Railroad Company is a corporation, chartered under the laws of the State of Kentucky, having its principal office in Louisville, in said State.

II. That the defendants above named were on the 24th day of July, 1903, and ever since have been and still are common carriers engaged in the transportation of persons and property by railroad under joint through rates and as members of continuous through lines between points in different States of the United States, and particularly in the transportation of lumber from lumber shipping points on their respective lines in the State of Louisiana east of the Mississippi River and in the States of Mississippi and Alabama to Cincinnati, Louisville, Evansville, Cairo, and other points on the Ohio River, commonly called and known as "Ohio River points," and to points north of the Ohio River and on and east of the Mississippi River, and as such common carriers and in respect to such transportation were and are subject to the provisions of the said act to regulate commerce and the amendments thereto.

III. That on said 24th day of July, 1903, the Central Yellow Pine Association, composed of persons, firms, and corporations engaged in the business of manufacturing and handling yellow-pine lumber in the States of Mississippi and Alabama and that part of Louisiana east of the Mississippi River, filed, under section 13 of the said act to regulate commerce, a petition or complaint to complainant herein, the Interstate Commerce Commission, alleging violations on the part of the defendants of certain provisions of said act, as at large and more fully appears in and by the said complaint or petition on file in the office of complainant herein, a copy whereof is hereunto annexed and made a part of this bill of complaint as Exhibit A; and that a copy of said Exhibit A, attested by the secretary of complainant under the seal of complainant, was duly forwarded by complainant to each of said defendants, as required by section 13 of said act.

IV. That on August 15, 1903, the defendants filed answers to said complaint, Exhibit A hereto, and on November 5, 1903, the Gulf and Ship Island Railroad Company filed a supplement and amendment to its original answer to said Exhibit A, as at large and more fully appears in and by said answers on file in the office of the complainant herein, copies of which are hereto annexed and made parts of this petition as exhibits from B to F, both inclusive.

V. That thereafterwards the said cause, being at issue upon the pleadings aforesaid, duly came on for investigation and hearing before the complainant herein, the said Interstate Commerce Commission, at New Orleans, in the State of Louisiana, on, to wit, December 8, 9, 10, 11, and 12, 1903, and at Washington, in the District of Columbia, on, to wit, February 15, 16, and 17, 1904,
3 at which times and places the parties complainant and defendant appeared by their attorneys, or had due notice to appear, and testimony was taken in behalf of said parties.

VI. That on February 7, 1905, the complainant herein duly determined the matter in controversy between the said parties before

it and made a report in writing in respect thereof, setting forth its findings of fact and its conclusion based on said findings, namely, that an advance, made April 15, 1903, by all the defendants except the Louisville and Nashville Railroad Company and by that company on June 22, 1903, of 2 cents in the rate on lumber in carloads, from shipping points in Louisiana east of the Mississippi River and in the States of Mississippi and Alabama, to Cairo, Evansville, Louisville, Cincinnati, and other points on the Ohio River, was not warranted, and that the resultant increased rates were unreasonable and unjust, in violation of the act to regulate commerce, as at large and more fully appears in and by the said report of complainant, a copy whereof is hereunto annexed and made part of this petition or bill of complaint, as Exhibit G.

VII. That forthwith upon the determination of said cause, as aforesaid, on, to wit, said 7th day of February, 1905, the complainant duly formulated an order and notice in the premises based upon its said findings and conclusion, requiring the defendants to cease and desist on or before April 1, 1905, from further maintaining or enforcing the said unlawful advance of 2 cents per hundred pounds, or the said unlawful rates resulting therefrom, for the transportation of lumber as aforesaid, which said order now remains in full force and effect and a copy whereof is hereunto annexed and made part of this bill of complaint, as Exhibit H. The said order, Exhibit H hereto, was directed to and embraced not only the defendants herein, but also the Mobile, Jackson and Kansas City Railroad Company, an original party defendant to the complaint, Exhibit A hereto, but, it appearing that said complaint had been dismissed as to said railroad company, a subsequent order was made by complainant amending its said order, Exhibit H hereto, by striking therefrom the name of the said railroad company.

VIII. That the complainant, agreeably to the provisions of the law in that regard, duly caused a properly authenticated copy of its said report, Exhibit G hereunto, together with its said order, Exhibit H hereunto, to be delivered to said defendants herein, and complainant shows that the said defendants, unmindful of their duty in that regard have, throug' their officers, servants, and attorneys, wholly disregarded and set at naught said order of complainant, Exhibit H hereto, and have willfully and knowingly violated and disobeyed the same, and still do neglect and refuse to comply with the same or any part thereof.

4 IX. And the complainant charges that the said advance of 2 cents in the said lumber rates was and is unwarranted and has resulted in rates excessive, unreasonable, and unjust, in violation of the act to regulate commerce.

X. Wherefore the complainant prays:

1. That a subpœna or other suitable process may issue according to the course of equity, requiring the said defendants herein, and each of them, to appear at such time and place as this honorable court may determine, then and there to make full, complete, and perfect answer to all the matters and things hereinabove stated and charged as fully and particularly as if each of the said defendants were spe

cially interrogated in regard thereto, but not under oath, which is hereby waived.

2. That upon the filing of this petition an order may be made by this honorable court directing the method of service of notice of the pendency of this proceeding.

3. That such order or orders may be passed pending the cause as will secure a speedy hearing and determination of the matters and things stated and charged in the foregoing bill of complaint.

4. That such order or orders may be passed pending the cause as may be necessary for the prosecution of all such inquiries as the court may think needful and lawful to enable it to form a just judgment in the matters and things stated and charged in the foregoing bill of complaint.

5. That upon the final hearing hereof a decree may be entered granting to complainant a writ of injunction, or other proper process, mandatory or otherwise, to restrain the said defendants, and each of them, and their respective officers, servants, and agents, from further continuing in their violation of and disobedience to the said order of the Commission.

6. That a decree may be entered requiring the said defendants, and each of them, to pay such sum of money not exceeding the sum of $500 for every day, after a day to be named in such decree, that they shall respectively fail to obey the said injunction or other proper process.

7. That a decree may be entered requiring the said defendants to pay the costs of this proceeding and reasonable counsel fees.

8. For such other and further relief in the premises as to the court may seem meet and justice and the equities of the cause may require.

THE INTERSTATE COMMERCE COMMISSION,
By EDW. A. MOSELEY,
The Secretary Thereof, Thereunto Duly Authorized.

5 EXHIBIT A.

6 Before the Interstate Commerce Commission.

THE CENTRAL YELLOW PINE ASSOCIATION
v.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF AND SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE AND OHIO RAILROAD COMPANY, THE NEW ORLEANS AND NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS AND TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA AND VICKSBURG RAILWAY COMPANY, THE LOUISVILLE AND NASHVILLE RAILROAD COMPANY, THE MOBILE, JACKSON AND KANSAS CITY RAILROAD COMPANY.

The complainant, which is a voluntary association composed of the several persons, firms, and corporations set forth upon the list hereto annexed and made a part hereof, with respect shows:

I.

That its several members are engaged in the business of manufacturing and shipping yellow-pine lumber in and from the States of Mississippi, Alabama, and that part of Louisiana east of the Mississippi River; that their business is almost exclusively interstate commerce, as they find the chief markets for their products in other States than those in which their lumber mills and plants are located, and mainly in the several States north of Cairo, Illinois, and are all dependent for transportation to the markets of the country upon the several railroad companies above mentioned.

II.

That the said defendant railroad companies either run through or into the yellow-pine region of the States wherein are located the said mills and lumber plants of complainants' members, or connected with those which do so run, and, under joint arrangements with each other and other connecting lines of railway, as well as upon their own tracks, are engaged in the transportation of persons and property from the State of Louisiana east of the Mississippi River and the States of Mississippi and Alabama by continuous all-rail carriage to points on and north of the Ohio River and to points on and east of the Mississippi River and into what is called Central Traffic Territory and generally to points in the Western, Northern, and Eastern States; and therefore the defendants are all subject to the provisions of the act to regulate commerce, approved February 4th, 1887, and all acts supplemental to and amendatory thereof.

7 III.

That, from time to time, within the past few years the said defendants have raised their tariff for the carriage of yellow-pine lumber from stations where the mills of the members of the complainant association are located to points in the territory described in paragraph two hereof so that their respective through or joint tariffs, effective prior to April 15th, 1903, contained really higher charges for the transportation of yellow-pine lumber of complainants and others similarly situated than the reasonable and just value of such service would allow, and complainant refers to the joint tariffs of said defendants on file with this honorable Commission.

That said defendant railroad companies falsely assuming that the yellow-pine industry was enjoying an era of unexampled prosperity, and that its manufactured products were continually increasing in value, and claiming the right to share in their assumed prosperity conceived the plan and purpose of laying an advance of two cents and more per 100 pounds in the freight rate from all points in the yellow-pine region to all points in the territory described in paragraph two hereof, and to that end they began to collude and conspire with the several railroad companies carrying yellow-pine lumber into the same markets from the entire yellow-pine regions east and west of the Mississippi River, and taking in the States of Texas, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida,

and the Carolinas and, in pursuance of said plan and purpose, the said defendant railroads, either through their traffic managers or through the Southeast Mississippi Valley Association, to which they or most of them belong, being an association formed, as complainant is informed, believes, and charges, for the purpose of stifling competition with each other and other railroads competing in the same markets, held secret meetings with the traffic managers of the other railroad companies engaged in the transportation of yellow-pine lumber to the same market. Said meetings being held at Jacksonville, Florida, New Orleans, Louisiana, and finally, on January 30th, 1903, at St. Louis, Missouri, and at said last meeting the traffic managers or other authorized representatives of the defendant companies agreed with the representatives of all the other carriers of yellow-pine lumber to increase the freight rate on yellow-pine lumber from all stations where manufactured and shipped to all points in the territory described in paragraph two hereof, and in accordance with said agreement, all of said carriers of yellow-pine lumber proceeded forthwith to adopt and file with this honorable Commission and promulgate joint freight tariffs effective March 1st, 1903, whereby they advance the previously existing rate two cents, three cents, four cents, and five cents per 100 pounds, the said
8 agreement and tariff relating and applying only to yellow-pine lumber; that on account of strong protests from all shippers of yellow-pine lumber based at first mainly on the brevity of notice given and the fact that all had contracts for the delivery of lumber based on the existing rate which could not be fulfilled within the time, said defendant railroad companies and all other railroads carrying yellow-pine lumber, in short, all the parties to said unlawful agreement postponed the operation and effectiveness of said tariff to April 15th, 1903, and filed their tariff schedules with this honorable Commission accordingly, to which reference is made. That defendant Louisville & Nashville Railroad Company after promulgating said rate withdrew it, and afterwards made it effective June 22nd, 1903.

IV.

That from and since the 15th day of April, 1903, the said defendant railroads, save the Louisville & Nashville Railroad Company, and as to it since June 22nd, 1903, have exacted and are still exacting from the members of complainant association and all others similarly circumstanced, the said advance of two cents, three cents, four cents, and five cents per 100 pounds; that is to say, have put into effect and continued in effect their several joint tariffs from that date with each other or their several connecting lines involving the said increase. And complainant states that while the said respective joint tariffs filed with this honorable Commission by said defendants do not indicate the proportion received by the several lines of railway participating in the carriage of said lumber from and to the points and stations therein named, said advance is absorbed entirely by the defendants, respectively, as an addition to their proportion of the division of the said rate, and that their railway connections north of

the Ohio River, or some of them, advised against the said increase upon the ground that the tariff before that time in force afforded adequate remuneration to all participating carriers.

V.

That the lumber-carrying railroads west of the Mississippi River which participated in said unlawful combination and which adopted and promulgated tariffs accordingly, or some of them, have since receded therefrom and restored the rate effective prior to April 15th, 1903, and that the lumber mills on said railroads are competitors with the members of complainant association in the sale of yellow-pine lumber in the territories aforesaid, and thereby said mills west of the Mississippi River have through said rate an undue advantage.

9 VI.

That said increase shown by the several revised tariffs of these defendant companies, effective April 15th, 1903, on yellow-pine lumber, is unjust, unreasonable, arbitrary, unlawful, discriminatory, and in direct contravention of the provisions of said act to regulate commerce and is destructive of and highly injurious to the business of complainants and others similarly situated, and largely impairs the value of their properties by the placing of an unnecessary and grievous burden and tax upon the transportation of their products by rendering practicably inaccessible their available markets and defeating equal competition in said large territory without any cause; that said unjust and unlawful increase imposes upon yellow-pine lumber shipped by complainants members and others similarly situated so carried in interstate commerce under like circumstances and conditions, an excessive burden out of line with and far more grievous than is sustained by the same products from other points as aforesaid and by other products and commodities of like weight, cost of carriage, value of product, service, and all other conditions considered.

VII.

That the annual average output of yellow-pine lumber of the mills belonging to and operated by the members of complainant association approximates over 1,500,000 feet per annum, of the value at the mills of about $6,000,000, not less than three-fourths of which is shipped into the territory above mentioned in competition with similar lumber from other pine-producing States, and is directly and injuriously affected by the said unlawful, excessive, and unjust rate; that said lowest increase, even of two cents per 100 pounds, equals from forty to ninety cents per 1,000 feet, depending on weight or quantity of the lumber, and will amount annually to from $400,000 to $800,000 in additional freights on their lumber shipped to the territory affected.

VIII.

Claimants show that said tariffs, effective April 15, 1903, since and now, are unjust, unreasonable, excessive, discriminatory, and arbi-

trary, and contrary to the provisions of said act of Congress approved February 4, 1887, and the several acts supplemental to and amendatory thereof, in this:

(*a*) That under defendants' rates in force just prior to April 15, 1903, yellow-pine lumber was an exceedingly profitable commodity to the carrier, and the carrier under said rates received even more than it was entitled justly to receive, so that no increase is reasonable nor is the rate itself so.

(*b*) That under said previously existing rates, yellow-pine lumber yielded the most or nearly the most profit to the railroad of any freight originating in the southern territory, value, tonnage, and cost of handling considered; that the value being small, the tonnage being very great, the cost of handling being comparatively small, and being practically indestructible, it could be transported in any kind of cars the railroads might have empty.

(*c*) That the average freight on yellow-pine lumber from complainants' mills to points of destination aforesaid amounts in the aggregate to a sum equaling or nearly equaling the value of the products at the point of shipment. From points within the State of Mississippi more than $10,000,000 is annually paid to the defendants and their connections for transporting to market said yellow-pine lumber valued at the mills at about the same sum; that the rate in force just preceding April 15, 1903, was greater than should have been charged to insure reasonable, just, and lawful compensation to the carriers.

(*d*) That in the course of manufacture a large portion of the yellow-pine products of the complainants' mills is of low grade, which they were barely able to market under the previous tariff, which generally more than equals its value; that with the present addition, said low grade, about thirty-three and one-third per cent. of the entire product will not be able to compete in the same market with other low-grade lumber.

(*e*) That said previous rate on yellow-pine lumber, as is the present rate, was greater per ton per mile than on coal, pig iron, cement, and other like products, value, weight, and cost of handling considered, and yielded an ample profit to the carrier.

(*f*) That the character of yellow-pine lumber shipped in part is of such grade that for its transportation the carrier furnishes platform or coal cars, which the shippers are required to equip with standards, braces, and strips at their own expense, and of a high-grade lumber, costing the shippers from Mississippi alone from fifty to one hundred thousand dollars a year, or an average of ($2.50) two dollars and fifty cents to three dollars ($3.00) per car, and, in addition, the shippers are required to pay freight on the increased weight caused by said equipment, amounting on an average to three dollars ($3.00) per car, aggregating in round numbers six dollars ($6.00) per car.

(*g*) That the railroads transporting yellow-pine lumber from the yellow-pine regions of Arkansas and Trans-Mississippi Louisiana, and which compete with the products of complainants' mills on the

same market, not only charged lower freight rates to their
11 patrons, but allowed them a rebate in the shape of so-called tap-line divisions to the logging railroads owned by them and used to bring logs from the woods to their sawmills.

Thus, through the action of the defendant carriers in unduly advancing their rates, complainant members are placed at a double disadvantage in at least all markets reached by Cairo, Illinois, as a basing point.

(*h*) That said advance in rates is an unjust and unreasonable burden upon complainants and the public, in that during the fiscal year 1902-1903 said defendant companies earned an unusually and unreasonably large net profit in their business and upon the actual capital invested therein. That the capital stock of each of defendant companies grossly exceeds as to the public and as a basis for rates the actual value of the construction and equipment of said defendant railroads; and that, as to the public and as a basis for rates, the bonded indebtedness of each of said defendants grossly exceeds the fair value of the property of defendants. And that it is unjust and unreasonable to impose this increase in rates as an additional burden to pay dividends on said excess of stock and principal and interest on said excess of bonds. And that upon the basis value on which the defendants are entitled to earn a reasonable compensation the existing rates on yellow-pine lumber are unreasonable and unjust, and that on a proper basis and on the basis on which the defendants are entitled to charge the present rate is unjust, unlawful, and unreasonable.

IX.

That in response to complainants' protest against said unjust and unreasonable advance said defendants, or several of them, protested that the value of and demand for yellow-pine lumber is so great and so constantly increasing that complainant need only make a corresponding advance in their prices and that their customers would pay it; but even if that be true, as it is not, it would still be the duty of complainant's members to protect their customers and the public against such unlawful exaction; that the members of complainant association have already lost ground in the market above mentioned on account of the disadvantage to which they are so put by said advance in freight; that while the prices of yellow-pine lumber have remained practically stationary during the last year, the cost of production has largely increased, so that now, independently of said advance in freight, the profits of manufacture are not equal to those of a year ago, and are not a reasonable return to the manufacturers upon the money invested, so that the hypothesis upon which defendants acted had no existence in fact.

X.

12 That said increase placed complainants' product at an unfair disadvantage with other woods and lumber in competing markets and was unnecessary to enable defendants to earn a reasonable return

upon their investments. And, while defendants pretend that their increased expenses absorb their increased receipts from traffic, still, as a matter of fact, their increased expenses and outlays the past winter were largely due to the lax and unbusinesslike methods in which the- handled their business; to the fact that their tracks and yards were congested with freight; that too much time and labor were consumed in handling property in transportation; that they had insufficient cars and locomotives; that with their improved service and equipment their net revenues had been and are now yielding a largely increased return upon the value of their investment, already unreasonably large over and above the cost of operation and maintenance, without placing such unfair burden upon their patrons engaged in the manufacture of yellow-pine lumber.

Prayer.

The premises considered, complainant respectfully prays that all the above-named railroad companies be cited to appear and answer this petition and show cause, if any they can, why they have made the unjust, unlawful, unreasonable, arbitrary, and discriminatory freight rates on yellow-pine lumber now effective. That this honorable Commission will take up and investigate the matter of this complaint and, after due proceedings, will enter an order declaring said rate now in effect excessive, unjust, and unreasonable, and unlawful as well as discriminative and violative of this act to regulate commerce and of the several acts amendatory thereof and supplementary thereto. That it will further order and command said defendants to desist from enforcing said unlawful and unreasonable tariffs now effective on yellow-pine lumber. And that this honorable Commission will grant all further and appropriate orders and relief.

CENTRAL YELLOW PINE ASSOCIATION,
By J. H. HINTON, *President.*
T. W. MILLER,
MARCELLUS GREEN,
G. W. GREEN,
Solicitors for Complainant.

13 EXHIBIT TO FOREGOING EXHIBIT.

List of Persons, Firms, and Corporations Composing the Central Yellow Pine Association.

Amos Kent Lbr. & Brick Co., Kentwood, La.
Banner Lbr. Co., Kentwood, La.
Sutherland-Innes Co., Hanson City, La.
C. W. Robinson Lumber Company, New Orleans, La.
Eastman-Gardner & Co., Laurel, Miss.
Camp & Hinton Co., Lumberton, Miss.

A. S. Hinton & Co., Lumberton, Miss.
R. W. Hinton, Lumberton, Miss.
Eureka Lumber Co., Eastabuchie, Miss.
A. W. Stevens Lumber Co., Chatawa, Miss.
Tipton Lumber Co.
Lacey Lumber Co., Lacey, Miss.
Pine Grove Lumber Co.
E. A. Watson Lumber Co.
Champion Lumber Co., Orvisburg, Miss.
Pearl River Lumber Co., Brookhaven, Miss.
Fernwood Lumber Company, Enochs Bros., Fernwood, Miss.
Butterfield Lumber Co., Norfield, Miss.
Marbury Lumber Co., Marbury, Ala.
Henderson Lumber Co., Sanford, Ala.
Henderson & Boyd, Enterprise, Ala.
T. H. Johnson & Co., Birmingham, Ala.
Cedar Creek Mill Co., Brewton, Ala.
Blacksher-Miller Lbr. Co., Brewton, Ala.
Horseshoe Lumber Co., River Falls, Ala.
Lathrop-Hatton Lbr. Co., Riverside, Ala.
Lathrop Lumber Co., Birmingham, Ala.
Yellow Pine Lumber Co., Yellow Pine, Ala.
Twin Tree Lumber Co., Maplesville, Ala.
Stewart Lumber Co., Brinson, Ga.
J. J. White, McComb City, Miss.

14 EXHIBIT B.

15 Before the Interstate Commerce Commission.

No. —.

THE CENTRAL YELLOW PINE ASSOCIATION
versus
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

Answer.

The Mobile and Ohio Railroad Company, one of the defendants in the above cause, with respect shows:

I.

Defendant admits that the members of the Central Yellow Pine Association are engaged in the business of manufacturing and shipping yellow-pine lumber in and from the States of Mississippi, Alabama, and that part of Louisiana east of the Mississippi River. Defendant has no knowledge as to whether the business of complainants generally is almost exclusively interstate commerce, but states that the business of one of the only two members of said association on its line, to wit, the Yellow Pine Lumber Company, of Yellow Pine, Ala.,

is not almost exclusively interstate commerce; to the contrary, a good proportion of its business is export business through the port of Mobile, on which an altogether different rate applies, as is shown by the following figures:

Month.	Year.	Number of cars.	
		Export.	Interstate.
April	1903	48	15
May	1903	23	32
June	1903	31	17
Total		102	64

Defendant admits that the members of said association are dependent for transportation to the markets of the country upon the several railroad companies defendants in this cause.

II.

Defendant admits the allegations in Paragraph II.

16 III.

Defendant denies that from time to time within the past few years it has raised its tariff for the carriage of yellow-pine lumber from stations where the mills of the members of the complainant association are located to points in the territory described in Paragraph II of complaint.

Defendant states that only once within the past four years prior to the advance made April 15th herein complained of, to wit, on September 7th, 1899, has it raised the rate on lumber from stations where the mills of members of the association are located to territory described in Paragraph II of complaint, and says that said increase made on that date was 2 cents per hundred pounds, of which it received only 1 cent, the other cent going to roads north of the Ohio, and where the increase made at that time, September 7th, 1899, was greater than 2 cents, all over 1 cent went to roads north of the Ohio River, *i. e.*, the rate on lumber from points in this district to Cairo, Ill., was 13 cents and had been increased to 14 cents per hundred pounds, while the rate from Cairo to Chicago had been 9 and was increased to 10 cents, showing that although there was a total increase of 2 cents this defendant only secured 1 cent of such increase. In proof of the above denial it refers to its tariff No. I. S. 1677, on file with this honorable Commission.

Defendant denies that its through or joint tariffs effective prior to April 15th, 1903, contained really higher charges for the transporta-

tion of the yellow-pine lumber of complainants and others similarly situated than the reasonable and just value of such service would allow. In support of this denial it says that improved market conditions at that time resulted in a great increase in the price of lumber, which fully justified said increase in rate, in view of the increased cost of operating its railroad and in view of the fact that this commodity, considering the character and volume of such business handled, was not yielding its proportion of revenue required by this railroad to meet expenses.

Defendant denies that it falsely assumes that the yellow-pine industry was enjoying an era of unexampled prosperity and that its manufactured products were continually increasing in value. In support of this denial defendant states that in spite of the advance in the price of timbered land of nearly one hundred per cent. in the last few years a number of lumber-manufacturing plants have been located along its line in Mississippi and Alabama; that at this time all plants along its line are running full time and some of them night and day; that they have orders placed for their entire output and that they state that their business was never in such good shape and on such a sound basis; that the average price paid by this de-
17 fendant for lumber in 1898 was $9.25 per thousand feet, in 1903 $14.00 per thousand feet, an increase in price of $4.75.

Defendant denies that it claimed the right to share in any assumed prosperity, but says that general prosperity has so increased all operating expenses of its railroad (as is shown by the following table) that it deemed itself entitled to sufficient share in that prosperity to enable it not to show any decreased percentage of earning capacity in proportion to business handled. Statement of increased operating expenses is as follows:

Mobile and Ohio Railroad Company paid as follows:

Average Daily Pay.

	Engineers.	Firemen.	Conductors.	Brakemen.
1899	$4.72	$2.52	$3.22	$2.08
1903	6.31	3.27	4.89	3.36

Steel Rail.

Year ending June 30th, 1898	$18.00
Year ending June 30th, 1902	28.00

Engine.

(Of same character each instance.)

1898	$9,250.00
1902	15,575.00

Box Cars.

1898	$480.00
1902	673.00

Flat Cars.

1898	$290.00
1902	851.00

Coal Cars.

1898	$435.00
1902	679.00

Defendant, further answering, states that lumber is now and has been for several years past yielding to the shipper almost the greatest, if not the greatest, profit of any commodity handled over its lines, and since the rates on other commodities—for instance, machinery, engines, boilers, sisal, rosin, cotton, and grain—have been increased since any increase was made in the rate on lumber, this defendant decided that a raise of two cents per hundred pounds was just, fair, and reasonable.

Defendant denies that it conspired or colluded with the several railroad companies carrying yellow-pine lumber into the
18 same markets from the entire yellow-pine regions east and west of the Mississippi River, and taking in the States of Texas, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, and the Carolinas. Defendant states that its action in increasing said rate was independent and for itself alone.

Defendant denies that in pursuance of any plan or purpose to advance lumber rates it held secret meetings with other roads through its traffic manager or the Southeastern Mississippi Valley Association. It admits that it is a member of the Southeastern Mississippi Valley Association. It admits that its traffic officials met the traffic officials of other roads and that said meetings were held at Jacksonville, Florida, New Orleans, Louisiana, and St. Louis, Missouri. It states that such meetings for discussion and interchange of views are as necessary to complainants' protection as its own. It denies that the Southeastern Mississippi Valley Association is formed for the purpose of stifling competition between its members and other roads competing in the same market. In support of this denial it attaches hereto as Exhibit A, and makes a part of this answer, the articles of association of the Southeastern Mississippi Valley Association, which is a true and correct copy of the only articles of association of the Southeastern Mississippi Valley Association now in existence or that has been in existence since August 14th, 1902. In further answer to this charge it states, on information and belief, that the Central Yellow Pine Association, complainant in this cause, is an association organized and maintained for the purpose of stifling competition among its members and is a combine in restraint of trade and commerce in yellow-pine lumber among the several States of the United States.

In further answer to this charge, this defendant charges, on information and belief, that said Central Yellow Pine Association is an unlawful and illegal association and a trust and combine in contravention of the laws of the United States and that this complaint is made in furtherance of the objects of said association, and that, being an unlawful trust and combine, they are entitled to no relief.

Defendant denies that at the meeting of traffic managers held January 30th, 1903, in St. Louis, Missouri, authorized representatives of the defendant companies agreed with the representatives of all the other carriers of yellow-pine lumber to increase the freight rate on yellow-pine lumber from all stations where manufactured and shipped to all points in territory described in paragraph II of complaint in this cause.

Defendant says that it made no agreement with any other road, directly or through the Southeastern Mississippi Valley Association, in adjusting this rate; that it entered into no compact of any kind and in no way bound or obligated itself under any penalty or forfeiture or in any manner whatsoever to put into effect or to
19 maintain after being put into effect said advance in lumber rates. In support of the denial of any agreement or binding effect upon the roads whose officials met at the meetings of the Southeastern Mississippi Valley Association and who are members of said association, defendant refers to the fact set out in paragraph III of this complaint, in which it is stated that the Louisville and Nashville Railroad Company, after promulgating said rate, withdrew it and afterwards made it effective at a later date; also to paragraph V of complaint, in which complainants recite the fact that lumber-carrying roads west of the Mississippi River who participated in said combine adopted and promulgated tariffs, or some of them did, and have since receded therefrom and restored the rate effective prior to April 15th.

Defendant states that the only understanding had at said meeting was such as is set forth in the articles of that association, and that the purposes indicated thereby are in all respects legal.

Defendant denies that in accordance with any agreement it proceeded to adopt and file with this honorable Commission and promulgate joint freight tariffs effective March 1st, 1903, whereby they advanced the previously existing rate 2 cents, 3 cents, 4 cents, and 5 cents per hundred pounds, the said agreement and tariff relating and applying only to yellow-pine lumber.

Defendant admits that it filed with this honorable Commission its Lumber Issue, No. I. S. 4230, effective March 1st, 1903. In support of the denial that the advance on the rate previously existing was 2 cents, 3 cents, 4 cents, and 5 cents per hundred pounds, defendant refers to its said lumber issue and states that the increase was 2 cents per hundred pounds, and if there was any further or other increase it has no knowledge of it and received no share of it. In support of the denial of the charge made that "said agreement and tariff relating and applying only to yellow-pine lumber," defendant states that its tariff applies alike to all character of lumber.

Defendant admits that on account of strong protests from all shippers of yellow-pine lumber based on the brevity of notice given and the fact that they all had contracts for delivery of lumber based on the existing rates which could not be fulfilled within the time, said defendant postponed the operation and effectiveness of said tariff to April 15th, 1903, and filed *their* tariff schedule with this honorable Commission accordingly.

Defendant denies that these protests were "based *at first mainly* on the brevity of notice given and the fact that they all had contracts for the delivery of lumber, based on the existing rate which could not be fulfilled within the time," and says that at the time such protests were made no mention was made of any other reason why said rates should not be put into effect.

20 Defendant states that the history of the final promulgation of the tariff complained of was as follows:

Defendant on February 3d, 1903, gave notice that the advance in rates on lumber would go into effect March 1st. This gave its shippers twenty-five days' notice. The chief protest was made by the Southern Lumber Manufacturers' Association, through their president, Mr. N. W. McLeod, who wrote this defendant a letter, from which the following are extracts:

The Southern Lumber Manufacturers' Association desires to go on record as not opposing an advance in freight rates on their commodity, provided the burden is equitably distributed and rates from competitive territory are equalized.

He also made this additional statement:

Since the notice of advance was received inquiry has been made among the members of this association to ascertain the number of carload orders already accepted for shipment, which would be affected by this advance. Our members located west of the Mississippi River report having orders destined to points affected which it would take an average of fifty-five days from February 9th to complete, provided cars are furnished, and our members east of the Mississippi River an average of fifty-six days to complete shipments.

Defendant then postponed the effective date of the said advance to April 15th, 1903, thus giving shippers forty-five days additional, from which it will be seen that at least seventy days' advance notice of the intention of the Mobile and Ohio Railroad Company to increase the rates on lumber was given, when only ten days' notice is required by law.

Defendant admits that defendant Louisville and Nashville Railroad Company, after promulgating said rate, withdrew it and afterwards made it effective June 22nd, 1903.

IV.

Defendant admits paragraph IV, except that it has no knowledge of any increase in rate beyond the 2 cents per hundred pounds before mentioned, and denies that there has been any three cent, four cent, or five cent advance made, except, also, the fact of certain lines north of the Ohio River advising against said increase, of which it has no knowledge, but states that if such advice was given it would have had no bearing on the reasonableness of this rate.

V.

Defendant admits paragraph V, but states that this condition of affairs was brought about through injunctions in Georgia
21 by the Georgia Saw Mill Association, a kindred association to the Central Yellow Pine Association, to prevent the putting into effect of said advance, and in Mississippi by the Central Yellow Pine Association to enjoin the advanced rate already effective, under which legal process in Mississippi an order restraining the enforcement of said rate until the determination of the injunction was issued out of the United States Court, to the defendants in this case, and upon the issuance of such restraining order certain of the lumber-carrying roads west of the Mississippi did restore the old rate, in order to meet the rate forced upon the defendants by said restraining order. Defendant states on information and belief that such inequality in rates was the purpose of said injunction and one of the purposes of the Central Yellow Pine Association and that they can not now be heard to complain of conditions brought about by their own action.

VI.

Defendant denies that said increase, shown by the several revised tariffs of these defendant companies, effective April 15th, 1903, on yellow-pine lumber, is unjust, unreasonable, arbitrary, unlawful, discriminatory, and in direct contravention of the provisions of said act to regulate commerce.

Defendant denies that the revised lumber tariff, effective April 15th, is destructive of and highly injurious to the business of complainants and others similarly situated. In support of this denial defendant states that the best proof of the continued prosperity of complainants is the fact shown by the following table, that there has been no falling off in the volume of shipments over its line:

Statement of Lumber Shipped from Yellowpine, Alabama.

[In Carloads.]

	Interstate.	Export.	Domestic.	Total.
1903.				
January 15th to February 14th..	31	22	0	53
February 15th to March 14th....	28	28	1	57
March 15th to April 14th.....	17	43	1	61
	76	93	2	171
April 15th to May 14th.....	24	48	0	72
May 15th to June 14th.....	24	30	1	55
June 15th to July 14th.....	18	28	0	46
	66	106	1	173

This defendant has taken these figures from the bills of lading of the Yellow Pine Lumber Company, the only one of complainants directly on its line.

22 Defendant states further that it has done much to create markets for and to encourage the lumber business, and that if it thought that said tariff would prove destructive of or be highly injurious to said business, it would, for self-protection, cancel said tariff.

Defendant denies that said increase in rate has or will largely impair the value of complainants' properties by the placing of an unnecessary and grievous burden and tax upon the transportation of their products, by rendering practically inaccessible their available markets and defeating equal competition in said territory without any cause.

Defendant states, in support of this denial, that said complainants own large bodies of timber land in connection with their said milling plants, and that the value of these said properties has not been or will not be in any way impaired, it being a well-known business fact that lumber properties and timbered lands were never held at such a high price as now, and there has been no diminution in value.

Defendant states that instead of the available markets for yellow pine being rendered inaccessible the markets are widening all the time, and that yellow pine has practically driven other woods out of certain markets in the territory to which these complainants mainly ship, and in all markets yellow pine is holding its own. One reason for this is that for certain purposes—for instance, in the building of cars, bridges, and other such structures—there is no competition between yellow pine and the woods of Canada and the Pacific coast, and defendant states that a considerable quantity of lumber shipped by these complainants is for those very uses.

Defendant denies that there has been any unjust or unlawful increase on yellow-pine lumber shipped by complainants and others similarly situated, so carried in interstate commerce under like circumstances and conditions.

Defendant denies that said increase places an excessive burden upon yellow pine out of line with and far more grievous than is sustained by the same products from other points and by other products and commodities of like weight, cost of carriage, value of product, service, and all other conditions considered. In support of the denial that an excessive burden out of line with and far more grievous than is sustained by the same product from other points has been put on yellow pine, defendant states that, as shown by the following table, woods that come in competition with yellow pine, hemlock, spruce, and white pine pay for equal distances as great, and in some instances a greater, rate than yellow pine.

23 *Comparison of Rates on Yellow-pine Lumber from South Mississippi Points with Rates on Hemlock, Spruce, and White Pine from Northern Points.*

Miles.	Rate per 100 pounds.	From—	To—
334	16	Charlevoix, Mich.....	Fort Wayne, Ind.
357	16	Meridian, Miss.....	Cairo, Ill.
450	17	Abbotsford, Wis.....	Fort Wayne, Ind.
432	16	Yellowpine, Ala.....	Cairo, Ill.
593	22	Abbotsford, Wis..	Louisville, Ky.
584	20	State Line, Ala.....	East St. Louis, Ill.
612	21	Abbotsford, Wis.....	Cairo, Ill.
630	20	Oakgrove, Ala.....	East St. Louis, Ill.
627	20.5	Ludington, Mich.....	Cairo, Ill.

The rates shown in the above table from Meridian, Yellow Pine, State Line, and Oakgrove are taken from Mobile & Ohio Tariff, No. I. C. C. 2765. The rates for the foreign lines are taken from page 21 of the affidavit of J. M. Culp, filed in the injunction suit brought by same complainant in the Federal court of Mississippi.

VII.

Defendant has no knowledge as to whether the annual average output of yellow pine lumber mills belonging to and operated by the members of complainant association approximates over 1,500,000 feet per annum, of the value at the mills of about $6,000,000, not less than three-fourths of which is shipped into the territory above mentioned in competition with similar lumber from other pine-producing States. Defendant states that only one of the mills in complainant association is located on its line; that to one other mill in the association it has a switch; that the combined daily output of these two mills does not exceed 150,000 feet; that there are on its line in the States of Alabama and Mississippi about one hundred mills not members of this association and not complaining, with a daily capacity of 1,600,000 feet.

The defendant denies that said lumber is directly and injuriously affected by the said unlawful, excessive, and unjust rate.

Defendant denies that there is any other advance than the 2-cent advance previously mentioned. It has no knowledge of the amount that will accrue annually to the railroads from said additional 2 cents per hundred pounds.

VIII.

Defendant denies that said tariffs, effective April 15th, 1903, since and now are unjust, unreasonable, excessive, discriminatory and arbitrary, and contrary to the provisions of said act of Con-
24 gress approved February 4th, 1887, and the several acts supplemental to and amendatory thereof.

(*a*) Defendant denies that under its rates in effect prior to April 15th 1903, yellow-pine lumber was an exceedingly profitable commodity to the carrier, and the carrier, under said rates, received more than it was justly entitled to receive, so that no increase is reasonable, nor is the rate itself so. Defendant admits that under previously existing rate lumber was carried at a profit, but it was not an exceedingly profitable commodity, for the following reasons:

1. That in nearly all instances lumber requires for its transportation flat cars; that these cars were hauled in the reverse direction (that is, southward) empty, which fact has to be taken into consideration in adjusting the rate for the carrier. It is a fact that some years ago rates on lumber from Mississippi and other States to Ohio River points and beyond were 3 cents per hundred pounds greater when the lumber was loaded in flat cars than when carried in box cars. The cost of said special kind of car has increased from 1899, when the last increase in lumber rate was made, from $699.00 to $851.00 in 1903.

2. That this defendant's cars are held unnecessarily long at complainants' mills in order to load particular bills or particular sizes. Thus this equipment is idle, for which no extra compensation is received by carrier.

3. Lumber being of light weight and large bulk, requires nearly fifty per cent. more equipment to a train in order to get the tonnage necessary than do certain other freights, such as grain, which occupy all the space in a car, and as the number of cars or equipment in a train increases the wear and tear on equipment and the cost of running and handling the train increased in proportion.

4. Shippers do not load to the full capacity of the cars, and by thus reducing the amount of lumber loaded on each car deprive the carriers of additional revenue, while the shippers get the benefit of the carload rates.

5. The fact of complainants being allowed by this carrier, at great inconvenience and delay to it and extra switching, etc., to stop its cars en route and have the shipments dressed without extra charge—that is, carry it undressed to a point where it can be dressed and then have it dressed and reloaded under the same bill of lading. This further supports the denial that this freight is *an exceedingly profitable one.*

(*b*) Defendant denies section (*b*) of Paragraph VIII. In support of this denial defendant submits the following table, taken from published tariff, showing the revenue per ton per mile yielded by certain other commodities:

25

	Per ton per mile.
Bananas	$0.0158
Cotton	.0154
Dry goods	.0227
Walnut, mahogany, and cherry lumber	.0085
Sisal	.0097
Canned goods	.0097
Lumber	.0065

This shows that lumber, under previously existing rates, did not yield the most revenue per ton per mile to this railroad of any freight originating in the southern territory, value, tonnage, and cost of handling considered.

(*c*) Defendant has no knowledge as to whether the average freight on yellow-pine lumber from complainants' mill to points of destination aforesaid amount in the aggregate to a sum nearly equal to the value of the products at the point of shipment. Defendant, however, states that there are many characters of freight—for instance, coal, cement, brick, lime, etc.—the value of which at the point of shipment is not as great as the cost of transportation, and if complainants' assertion be true it is not material to the reasonableness of the rate.

Defendant states further that there are certain other articles which have practically no value at the point of shipment, the value of which is created entirely by the transportation company—for instance, gravel, cinders, sand, sawdust, etc.

Defendant has no knowledge of the total amount annually paid by complainants to this defendant and its connections for the transportation to market of yellow-pine lumber.

Defendant denies that the rate in force preceding April 15th was greater than would have been charged to insure reasonable, just, and lawful compensation to the carriers.

(*d*) Defendant denies that a large portion of the yellow-pine products of complainants' mills is of low grade. It states further that certain mills make comparatively little low-grade lumber and that their product is nearly all high-grade lumber, such as flooring, ceiling, etc.

Defendant has no knowledge as to whether low-grade lumber amounts to 33⅓ per cent of the entire product or not, but states that it is informed and believes that thirty per cent. would cover all low-grade lumber, and that it depends entirely upon the mill, and where much low-grade lumber is turned out it is because the logs from which the lumber is manufactured are of poor grade, and consequently cost the producer less, and he should expect less for his product; that the low-grade lumber is nearly all profit, made for the lumbermen by the transportation companies finding for said lumber a market.

Defendant states that it is a fact that because of the high price of the high grades of lumber the low grades of lumber have been
26 for the past three years and still are in great demand, being used as a substitute for the very expensive higher grades;

that in consequence the mills along its line are sold out almost entirely of low-grade lumber, whereas they have on hand a certain amount of high-grades, which command fancy prices.

Defendant denies that complainants will not be able to compete in the same markets with other low-grade lumber.

(*e*) Defendant denies that said previous rate on yellow-pine lumber, as is the present rate, was greater per ton per mile than on coal, pig iron, cement, and other like products, value and weight and cost of handling considered, and yielded an ample profit to the carrier.

Defendant does not feel that it is proper to make any comparison between coal, pig iron, cement, etc., and lumber, because conditions surrounding the traffic are altogether different. There is no competition whatever between them. The freight does not move in any considerable quantity to the same markets. Those products are practically indestructible, while lumber is destructible and inflammable. If it were true that the rate per ton per mile on iron, valuation and cost of handling considered, is less than on lumber, defendant states that on September 15th, 1902, an advance of fifty cents per ton was made in the rate on iron, which, in proportion to the prior rate per ton on iron, is far greater than an advance of 2 cents per hundred pounds on lumber.

(*f*) Defendant admits that it furnishes platform or flat cars for the lumber. Defendant admits that complainants are required to equip such cars with standards, braces, and strips at their own expense. Defendant denies that this is an unusual and unreasonable exaction, stating that shipments of pipe, machinery, rails, structural material, etc., are subject to the same requirements. In the preparation of certain fruits and vegetables for shipment the shipper is required to crate the articles and to pay freight on the gross weight. Likewise in shipments of cattle the shipper is required to bed the cars at his own expense.

Defendant denies that the cost of equipping said cars amounts to $2.50 to $3.00 per car and that freight on the additional weight of such equipment amounts to $3.00 per car and that said standards and strips are made of high-grade lumber. In support of this denial it states that said cars are equipped with low-grade lumber and with short ends and pieces not suited for any other purposes; that the practical cost of same is very little, but if the said strips were all medium-grade lumber the following figures would control:

Standards or stanchions for properly arranging open cars for shipment, for long lumber near the length of cars, requires only four pieces four inches × four inches × eight feet; when short lengths are loaded on open cars it requires four stanchions on each
27 side four inches × four inches × eight feet. This material is generally culls and not merchantable, and the cost of lumber, labor, and nails should not exceed $1.00 per car, *i. e.:*

8 pieces 4 in. × 4 in. × 8 ft.	feet..	88
4 pieces 1 in. × 4 in. × 8 ft. (pieces to nail across standard)	do...	12
Total	do...	100
100 ft., at $8 per M		$0.80
Labor (two men, 1 hour)		.20
Weight of 100 ft. of the character of lumber used, 200 pounds. Freight on 200 lbs. lumber, Mississippi points to Cairo, at 16 cents per 100 lbs		.32
Total		1.32

Thus we see that the total cost of equipping a car with standards or stanchions is $1.32 per car, instead of $6.00 per car, as stated in the complaint.

(*g*) Defendant denies that all the railroads transporting yellow-pine lumber from the yellow-pine regions of Arkansas and the trans-Mississippi-Louisiana are charging lower freight rates to their patrons. It refers to Paragraph V, page 5, of this answer in explanation of the cases in which the trans-Mississippi roads are charging less than this defendant.

Of the so-called rebate or tap-line divisions mentioned in this complaint defendant has no knowledge.

(*h*) Defendant denies the allegations made in section (*h*) and says that its rates are not unjust and are not an unreasonable burden upon complainants and the public, and defendant denies that it did earn an unusual and unreasonably large net profit in its business upon the capital invested therein.

Defendant denies that its capital stock grossly exceeds, as to the public and as a basis for rates, the actual cost of the construction and equipment of its said railroad.

Defendant denies that its bonded indebtedness grossly exceeds the fair valuation of the property of defendant.

Defendant denies that it is unjust and unreasonable to impose upon the business of complainants the increase in rates of 2 cents per hundred pounds.

Defendant denies that it earns and pays any dividends on any excess capital stock and principal and interest of its bonded indebtedness.

Defendant avers that the Supreme Court of the United States has decided in a suit between this defendant and the State of Tennessee that the amount of its capital stock and bonded indebtedness honestly represents the cost of its property.

This defendant denies that by reason of this increase in its rates on lumber it will earn an unreasonable compensation and that
28 the same will be an unreasonable charge on yellow-pine lumber, and defendant denies that said charge is unjust, unlawful, and unreasonable.

IX.

Defendant admits that the only effect of increase in the tariff on lumber will be that complainants will demand and receive of the consumers, in addition to the high price now asked, the additional amount paid by them in freight. Defendant does not admit that such should be the result, and states that the complainants' profits have been so large in the past few years, and still are, that they could well afford to sell at the same price and still make a fair and reasonable profit on their products.

Defendant denies that the members of complainant association have already lost ground in the market above mentioned on account of the disadvantage to which they are so put by said advance in freight.

Defendant denies that the price of yellow pine has remained practically stationary during the past year. It admits that the cost of production has increased, but states that such increase is not nearly so great, proportionately, as has been the increase in the operation of its railroad, as is shown by the statement of the principal increases in operation heretofore made.

Defendant denies that the profits of manufacture are not a reasonable return to the manufacturers upon the money invested.

Defendant has no knowledge of any particular hypothesis that was acted upon in readjusting the tariff on lumber. It states that if the prior rate was not a reasonable return for the service rendered, the fact of whether its shippers were making or losing in their business would have no legal bearing upon the justness of the advance in freight rate.

X.

Defendant denies that said increase places complainants' product at an unfair disadvantage with other woods and lumber in competing markets and was unnecessary to enable defendant to earn a reasonable return upon their investment.

Defendant denies that increased expenses and delays the past winter were largely due to lax and unbusinesslike methods in which it handled its business. Defendant admits that its tracks and yards were at rare intervals congested with freight through no fault of defendant, but because of its attempt, at shippers' urging to handle as best it could the volume of business offered by complainants and others, and says that such a congested condition is necessarily
29 incident to the business of railroads and may be due to its connections as well as to itself.

Defendant denies that too much time and labor are consumed in handling property in transit.

The defendant admits that at times it had not sufficient cars and locomotives to handle all the business, and says that it is impossible to at all times have such a large equipment as to meet all emergencies. If that were done it would result in a large part of its equipment lying idle during normal or dull seasons. That would certainly increase expenses and necessitate higher rates of freight in

order to meet said expenses. Defendant states that during the past year it has added 1,705 freight cars to its equipment.

Defendant denies that with improved service and equipment its net revenues have been and are now yielding a largely increased return upon the value of their investment, already unreasonably large, over and above the cost of operation and maintenance.

Defendant denies that any unfair burden has been placed upon its patrons engaged in the manufacture of yellow pine lumber.

And the defendant, having fully answered, prays to be dismissed with its reasonable costs in this behalf expended.

E. L. RUSSELL,
ED. BAXTER,
Solicitors for Respondent.

STATE OF ALABAMA, *County of Mobile:*

Personally appeared before me, S. R. Prince, a notary public duly appointed in and for the State and county aforesaid, J. J. Eddy, who, being by me duly sworn, deposes and says as follows:

That he is assistant to the general traffic manager of the Mobile & Ohio Railroad Company, said corporation being a party defendant to the bill to which this answer is filed; that he has been connected with and had supervision and knowledge of matters of traffic of this defendant railroad; that he has heard read the foregoing answer and the statements therein made so far as they are made on information and belief that they are true to the best of his knowledge, information, memory, and belief.

J. J. EDDY.

Sworn to and subscribed before me this 5th day of August, A. D., 1903.

S. R. PRINCE,
Notary Public, Mobile County, Alabama.

30 EXHIBIT A to Foregoing Answer of the Mobile and Ohio Railroad Company.

Articles of Association of the Southeastern Mississippi Valley Association.

For the purposes set forth in the following articles, the parties hereto form a freight association, to be known as the Southeastern Mississippi Valley Association.

ARTICLE 1.

1. The traffic to which these articles relate shall be the following, in which two or more of the parties hereto are interested:

(*a*) Freight traffic which passes from, to, or through Ohio River or Mississippi River points, Cincinnati to New Orleans, inclusive, when destined to or coming from Mississippi River points south of Cairo

to New Orleans, inclusive; except that traffic between points west of points on the west bank of the Mississippi River and Mississippi River Points south of Cairo to New Orleans, inclusive, shall not be included.

(*b*) Freight traffic passing from, to, or through Ohio River and Mississippi River points, Cincinnati to New Orleans, inclusive, when destined to or coming from points south of the Ohio River and the Virginias, and east of the Mississippi River.

(*c*) Freight traffic originating at and destined to junction or crossing points, both of which are located east of the Mississippi River and south of the Ohio River and the Virginias.

(*d*) But these articles shall not relate to coke, bituminous coal, cotton, or export or import traffic.

2. The territory to which these articles relate is bounded on the north by the Ohio River, on the east by a line from Jellico through Harriman Junction, Chattanooga, Birmingham, Selma, and Montgomery to Pensacola, including junction points on the Alabama Mineral Division of the L. & N. Railroad (Attalla to Calera, inclusive); on the south by the Gulf of Mexico, and on the west by the Mississippi River, including points on said boundary lines.

ARTICLE II.

1. A chairman shall be selected by the unanimous vote of the association. His duties shall be to preside at all meetings of
31 the association, conduct all necessary correspondence, keep necessary records, promulgate rules and regulations, which may be established by the association, and the rates, rules and regulations which may be established by the several members of the association applying on traffic to which these articles relate.

2. The chairman shall issue notices of regular meetings of the association as hereafter provided for, not less than ten days in advance of the day fixed for such meetings, accompanied by a list of subjects to be considered and discussed at such meetings. Special meetings of the association shall be called by the chairman on request of two or more members, provided that not less than seven days' notice in advance be given of such special meetings. The members making such request shall designate the subject or subjects to be considered and discussed, which subjects shall be transmitted by the chairman with his call.

3. The chairman shall cause statements of traffic carried within the territory defined above by each of the parties hereto to be compiled at such time and for such periods and distributed in such manner as the association may direct.

4. The chairman shall have access either in person or by appointee to the books, papers, correspondence, etc., of any of the officers, agents, or employés of the parties hereto, relative to said traffic, so far as may be necessary to carry out the purposes of these articles.

5. The chairman shall perform such other duties as may be assigned him under the terms of these articles.

6. The chairman shall effect and maintain such an office organization as will enable him to efficiently perform the duties delegated in these articles, subject to the approval of the association.

Article III.

1. All changes proposed by any member in its rates, rules, and regulations will be suggested to the association for consideration and discussion; provided, however, that nothing herein shall be construed as impairing the right of any member to change any of its rates, rules, and regulations, according to law, whenever it deems proper to do so; it being distinctly understood that each member reserves to itself at all times the right to take separate and independent action on each and every subject, whether suggested to said association or not.

Nothing herein contained shall be so construed as to confer upon a majority, or any number of members of this association, the power or authority to make rates or tariffs upon the line of any other member of this association, or to make joint rates or tariffs for any other member.

32 Nothing herein contained shall be so construed as to confer upon the chairman of the association, or upon any committee or officer of this association, the power or authority to make rates or tariffs upon the line of any member of this association, or to make joint rates or tariffs for any member of this association; it being distinctly understood that each member of this association expressly reserves to itself the exclusive power to make rates and tariffs on its own line, and to itself and its connections the exclusive power to make joint rates and tariffs, free from the dictation or control of any other member or members.

2. Each member shall promptly notify the chairman of its purpose to establish any rate, rule, or regulation on traffic to which these articles relate, together with the effective date; and shall furnish to the chairman as soon as issued copies of all tariffs or other issues relating to said traffic.

3. Regular meetings of the association shall be held at such times and places as may be mutually agreed upon.

Article IV.

1. The authorized expenses of the association shall be apportioned by the chairman on the basis of mileage of the lines parties hereto within the territory hereinbefore described.

Article V.

The headquarters of the association and the office of the chairman shall be at Louisville, Ky.

2. These articles shall become effective on the 14th day of August, 1902, and continue in force until May 1, 1903; and thereafter subject

to thirty days' written notice by any member to the chairman of its intention to withdraw therefrom.

ALABAMA GREAT SOUTHERN RAILROAD CO.
ALABAMA AND VICKSBURG RAILWAY CO.
CINCINNATI, NEW ORLEANS AND TEXAS PACIFIC RAILWAY CO.
ILLINOIS CENTRAL RAILROAD CO.
ILLINOIS CENTRAL RAILROAD CO. (LOUISVILLE DIVISION).
KANSAS CITY, MEMPHIS AND BIRMINGHAM RAILROAD CO.
LOUISVILLE AND NASHVILLE RAILROAD CO.
MOBILE AND OHIO RAILROAD CO.
NASHVILLE, CHATTANOOGA AND ST. LOUIS RAILWAY CO.
NEW ORLEANS AND NORTHEASTERN RAILROAD CO.
SOUTHERN RAILWAY CO.
YAZOO AND MISSISSIPPI VALLEY RAILROAD CO.

33 EXHIBIT C.

34 Before the Interstate Commerce Commission.

Docket No. 707.

THE CENTRAL YELLOW PINE ASSOCIATION
versus
THE ILLINOIS CENTRAL RAILROAD COMPANY ET ALS.

Answer of the Mobile, Jackson & Kansas City Railroad Company, One of the Respondents.

The respondent, the Mobile, Jackson & Kansas City Railroad Company, for answer to the complaint and each paragraph thereof, says:

First. Respondent is operating a railroad between the city of Mobile, in the State of Alabama, and the city of Hattiesburg, in the State of Mississippi, a distance of about one hundred miles.

Second. Respondent says that not one of the complainants named in said complaint as being members of the Central Yellow Pine Association own, control, or operate any mill plant on the line of respondent's railroad.

Third. Respondent further says that after careful inquiry it alleges the fact to be that it has never at any time been called upon to transport any lumber or timber manufactured, controlled, or owned by any member of the Central Yellow Pine Association.

Fourth. Respondent further says that it is now receiving the same rate for the transportation of lumber and timber that it has heretofore received, and is not in any way, directly or indirectly, deriving increased revenue from any increase of rates.

And having fully answered said complaint, respondent prays to be dismissed with its reasonable costs.

MOBILE, JACKSON & KANSAS CITY
RAILROAD COMPANY,
By McINTOSH & RICH, *Attorneys.*

THE STATE OF ALABAMA, *Mobile County:*

Personally appeared before me, Helen A. Smith, a notary public in and for said county and State, L. B. Sullivan, who being first duly sworn on oath, doth depose and say that he is the general freight agent of the Mobile, Jackson & Kansas City Railroad Company, one of the respondents in the above stated cause, and that the facts set forth in the foregoing answer of said respondent to said complaint are true as therein stated.

L. B. SULLIVAN.

Sworn to and subscribed before me this 11th day of August, A. D. 1903.

HELEN A. SMITH,
Notary Public, Mobile Co., Ala.

35 EXHIBIT D.

36 Before the Interstate Commerce Commission.

No.—.

THE CENTRAL YELLOW PINE ASSOCIATION
versus
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

The Answer of the Gulf & Ship Island Railroad Company.

To the honorable Interstate Commerce Commission:

Respondent, the Gulf & Ship Island Railroad Company, a corporation created under the laws of the State of Mississippi, for answer to the complaint exhibited against it by the Central Yellow Pine Association, respectfully shows:

I.

Respondent admits the matters and things set up in paragraph one of said complaint, but further says that respondent's line of railroad is situated wholly within the State of Mississippi, and that it is engaged in interstate traffic only by means of through shipments made over the line of respondent's railroad, and connecting roads which reach other States, and with which respondent has arrangements for joint and through transportation, upon through bills of lading and at through rates. Respondent says that its line of railroad runs from Gulfport, in Mississippi, to Jackson, in said State,

and that the connections, by means of which it reaches other States, are the Louisville & Nashville Railroad Company, with which it connects at Gulfport; the Illinois Central Railroad, with which it connects at Jackson, and the New Orleans & Northeastern Railroad, with which it connects at Hattiesburg, Lumberton, and Laurel, and by means of which it, in turn, connects at Meridian with the Mobile & Ohio Railroad and the Southern Railway.

II.

Respondent admits the matters and things set up in paragraph two of said complaint.

III.

Respondent denies that the respective through or joint tariffs, effective prior to April 15th, 1903, contained really higher
37 charges for the transportation of yellow-pine lumber of complainants and those similarly situated than the reasonable and just value of such service justified.

Respondent denies that it ever began to collude or conspire, or ever colluded or conspired, with the several railroad companies carrying yellow pine into the same market from the entire yellow-pine region east and west of the Mississippi River, taking in the States of Texas, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, and the Carolinas, or with any railroad whatever, and denies any and all plans and proposed conspiracies as set up in paragraph three; and denies that either through its traffic manager, or through the Southeast Mississippi Valley Association, this respondent or any of its officers or agents, held any meetings, secret or open, with the traffic managers of the other railroad companies engaged in the transportation of yellow-pine lumber into the same market, or with any of the roads joined with respondent's as defendants to this petition, or with any railroad or person whatever.

Respondent denies ever having taken any part in or attended, by or through any of its officers or agents or otherwise, any meeting held at Jacksonville, New Orleans, or St. Louis, or any other place, and denies that respondent, or any of its representatives or agents, ever agreed with the representatives or agents of any other carrier of yellow pine to increase the freight on yellow-pine lumber as set forth in said paragraph three.

Respondent says that it is not, and never has been, a member of the said Southeast Mississippi Valley Association, or any other freight traffic association whatever; that it has never taken any part whatever in any conference of said association, or with any of its constituent members, and knows nothing whatever as to any of the alleged conferences.

Respondent further shows that on or about the 1st of February, 1903, it was notified by its connections, which penetrated the territory described in the complaint, that on and after the — day of ——, 1903, they would advance their rates on yellow pine to the territory mentioned two cents per 100 pounds, and in obedience to said notice said respondent at once notified its shippers of the said

advance, advising them that same was made solely by said connections, and respondent now shows that it is not now and never has been a participant in the advance complained of, and is wholly uninterested therein. Respondent, of course, advanced the through rates in accordance with the notice given it by its connections, because the territory could only be reached through the said connections, and it was, of course, compelled to advance the rates in obedience to their demands.

38 At the time the notice of the said advance was given, the only complaint made by the shippers along respondent's line, including many members of the complainant association, was against the shortness of the notice, and in obedience to the said complaint respondent appealed to its connections in behalf of the mills along the line, requesting that the date of the advance be deferred until such a time as would meet the complaint of the said mills, and thereupon it was notified by said connections, each severally and each acting for itself, that the said advance would not be made effective until April 15th, 1903, whereupon respondent promulgated its tariffs, making said advance effective April 15th, 1903.

And in addition to the matters and things herein set up, respondent adopts, in further answer to said paragraph three of said complaint, the answers of the Southern Railway Company, the Illinois Central Railroad Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, and the Louisville & Nashville Railroad Company, the connections by means of which respondent reaches the territory described in said complaint.

IV.

Respondent admits that since the 15th day of April, 1903, the defendant railroads, save the Louisville & Nashville Railroad Company, and the Louisville & Nashville Railroad Company since June 22, 1903, have exacted and are still exacting from all shippers the sums shown in the tariffs promulgated by respondent and other shippers, copies of which have been filed with your honorable body. Not being a participant in the said advance, respondent is not advised as to whether the same is absorbed entirely by the roads south of the Ohio River, and respondent has no knowledge whatever as to whether or not any of the said roads advised against the said increase upon the ground that the tariff before that time in force offered adequate remuneration to all participant carriers, or upon any other ground, and in further answer to said paragraph four respondent adopts the answers of the said Southern Railway Company, the Illinois Central Railroad Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, and the Louisville & Nashville Railroad Company.

V.

Respondent admits that the lumber-carrying roads west of the Mississippi River which promulgated tariffs advising said increase effective April 15th, 1903, or some of them, thereafter receded from

the position, and restored the rates effective prior to April 15th, 1903. The reason for so doing, as is well known to the complainant,
39 was the fact that an injunction had been issued against the roads in Mississippi and Georgia restraining them temporarily from putting the said increase into effect, and the action of the said trans-Mississippi roads in revoking the said increased rate was due to the fact that the said increase had been temporarily prevented east of the river by injunction.

Respondent is advised and believes that since the dissolution of the temporary restraining order granted, and since the refusal of the courts to grant writs of injunction, the said trans-Mississippi roads have, some of them, put into effect the said increase, and the remainder thereof have given notice of their intention to put same into effect on or about August 15th. In further answer to said paragraph five, respondent adopts the answers of the Illinois Central Railroad Company, the Mobile & Ohio Railroad Company, the Southern Railway Company, the Louisville & Nashville Railroad Company, and the New Orleans & Northeastern Railroad Company.

VI.

It is denied that said increase, shown by the revised tariff effective April 15th, 1903, on yellow-pine lumber is either unjust, unreasonable, arbitrary, unlawful, discriminatory, or in contravention of the provisions of the act regulating commerce, or destructive of or injurious to the business of complainant and those similarly situated, or that the same impairs the value of their properties or places thereon any unnecessary, grievous, or improper burden, or any improper tax upon the transportation of their products, or renders practically inaccessible to any large market, or defeats equal competition in said large territory or in any territory. It is denied that the said increase imposes upon yellow-pine lumber shipped by the members of the complainant association and others similarly situated a burden out of line with or more grievous than is sustained by the same products from other points, or by any other product or commodity of like weight, cost of carriage, value of product, service, and all other conditions considered. And in further answer to said paragraph six this respondent adopts the answers of the New Orleans & Northeastern Railroad Company, the Illinois Central Railroad Company, the Mobile & Ohio Railroad Company, the Southern Railway Company, and the Louisville & Nashville Railroad Company.

VII.

Respondent has no information as to the value of the actual annual output of the mills owned by various members of the complainant association, and therefore can not say what the said increase
40 would amount to in freight to be paid by the members of said association, and in further answer to paragraph seven, the respondent adopts the answers of the Southern Railway Company, the Illinois Central Railroad Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, and the Louisville & Nashville Railroad Company.

VIII.

Respondent denies that said tariffs, effective April 15th, 1903, since or now, are unjust, unreasonable, excessive, discriminatory, or arbitrary, or contrary to the provision of the act of Congress approved February 4th, 1887, and the several acts supplementary thereto and amendatory thereof.

Respondent denies that its capital stock grossly exceeds, as to the public and as a basis for rates, the actual and reasonable cost of construction and equipment of its said railroad, and denies that as to the public and as a basis for rates its bonded indebtedness, grossly or otherwise, exceeds the fair value of the property; on the contrary, respondent asserts that its stock reasonably represents the amount invested in constructing and developing the enterprise, and that the bonded debt does not exceed the amount of money actually advanced upon the said bonds, and that no bonds were issued except for actual money which was immediately invested in the property.

And for further answer to said paragraph eight this respondent adopts the answers of the Illinois Central Railroad Company, the Southern Railway Company, the New Orleans & Northeastern Railroad Company, the Mobile & Ohio Railroad Company, and the Louisville & Nashville Railroad Company.

IX.

In response to the matters and things contained in paragraph nine of said complaint, the respondent adopts as its answer the answers of the New Orleans & Northeastern Railroad Company, the Illinois Central Railroad Company, the Mobile & Ohio Railroad Company, the Southern Railway Company, and the Louisville & Nashville Railroad Company.

X.

Respondent denies that said increase placed complainant's product at an unfair disadvantage with other woods or lumber in competitive markets, and, upon information and belief, says that it was necessary to enable the defendants participating therein to
41 earn a reasonable return upon their investment. Respondent denies that increased expenses and outlays in the past winter were largely, or at all, due to lax or unbusiness like methods, or to the congestion of freight on tracks and in yards; denies that too much time and labor were consumed in handling property in transportation; denies that respondent and other defendants did not have sufficient cars and locomotives; denies that with their improved service and equipment the net revenue has been correspondingly or greatly increased, or that the return upon the investment is large or unreasonably large, over and above the cost of operation and maintenance, and denies that any unfair burdens whatever have been placed upon yellow-pine lumber.

And for further answer to paragraph ten, respondent adopts the answers thereto of the New Orleans & Northeastern Railroad Company, the Illinois Central Railroad Company, the Mobile & Ohio

Railroad Company, the Southern Railway Company, and the Louisville & Nashville Railroad Company.

Prayer.

And now having fully answered, respondent prays to be hence dismissed with its reasonable costs.

THOS. P. HALE,
Second Vice-President.
E. J. BOWERS,
D. B. H. CHAFFE AND
W. T. McDONALD,
Solicitors for Respondent.

STATE OF MISSISSIPPI, *Harrison County, Town of Gulfport:*

Personally appeared before me, H. C. Elder, a notary public in and for said town, county, and State, T. P. Hale who, being first duly sworn, deposes and says that he is the second vice-president of the Gulf & Ship Island Railroad Company, and as such is in charge of the traffic department of the said road, and the facts stated in the foregoing answer are true.

THOS. P. HALE,
Second Vice-President.

Sworn and subscribed before me this 10th day of August, A. D. 1903.

[SEAL.] H. C. ELDER,
Notary Public.

42 EXHIBIT E.

43 Before the Interstate Commerce Commission.

CENTRAL YELLOW PINE ASSOCIATION
vs.
ILLINOIS CENTRAL RAILROAD CO. ET AL.

Supplement and Amendment to the Answer of the Gulf and Ship Island Railroad Co.

Now comes the Gulf and Ship Island Railroad Company, made defendant herein, and, by leave of the Commission first had and obtained, files the following supplement and amendment to the answer hereinbefore filed on the — day of August, A. D. 1903:

Respondent shows to the court that in its answer filed upon the — day of August, A. D. 1903, it erroneously stated, in responding to paragraph 3 of the complaint, that "it was not then and never had been a participant in the advance complained of and was wholly uninterested therein."

Respondent was not then, has not been since, and is not now a

participant in or in any way interested in the advance to the territory and points on the north of the Ohio River, on and east of the Mississippi River, and on and west of the Buffalo and Pittsburg line, which territory is commonly known as Central Traffic Association Territory.

Nor did this respondent participate in the alleged advance to any of the territory mentioned in complainants' petition, except to Memphis and points west of Memphis basing thereon and points west of the Mississippi River basing on St. Louis and Missouri River crossings.

The movement into the territory described last above from the Mississippi mills, and especially from those located along the line of this respondent's railroad, is inconsiderable and inconsequential, and the inaccuracy crept into the first answer by reason thereof and of the fact that the controversy over the increase had hitherto been confined to the Central Traffic Association Territory, to which the movement was and is very large, and a failure to note that the territory described in the present complaint comprehended other points.

Respondent reiterates that it is not a member of the Southeastern Mississippi Valley Association and knows nothing of the
44 alleged meetings, negotiations, and deliberations that preceded and led up to the increase complained of. Respondent's first notice of the said increase was by notification from its connections, advising that the said rates would be advanced, and the participation of respondent therein results from the application thereof to certain arrangements for divisions existing at the time between the respondent and its connections.

Respondent further reiterates all and singular the averments of its original answer except as herein expressly modified and amended, and prays to be hence discharged with its reasonable cost.

E. J. BOWERS,
J. H. NEVILLE, AND
D. B. H. CHAFFE,
Solicitors for Respondent.

STATE OF GEORGIA, *County of Fulton:*

Personally appeared before me, the undersigned notary public in and for the said State, Thomas P. Hale, second vice-president of the Gulf & Ship Island Railroad, who, being duly sworn, deposes and says that the facts stated in the foregoing answer are true.

THOMAS P. HALE.

Sworn to and subscribed before me this 28th day of October, 1903.

EDWARD CRUSSELLE,
Notary Public, Fulton County, Georgia.

45 EXHIBIT F.

46 Before the Interstate Commerce Commission.

THE CENTRAL YELLOW PINE ASSOCIATION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

The Joint and Several Answer of the Illinois Central Railroad Company, the Southern Railway Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, and the Louisville & Nashville Railroad Company to the Complaint Filed by the Complainants, the Central Yellow Pine Association, Before the Interstate Commerce Commission, Against These Respondents and Others.

These respondents now and at all times hereafter saving to themselves all and all manner of benefit or advantage of exception or otherwise, that can or may be had or taken to the many errors, uncertainties, and imperfections in the said petition contained, for answer thereto, or to so much thereof as these respondents are advised it is material or necessary for them to make answer to, answering say:

I.

Respondents have no knowledge or information, and no belief as to the matters contained in section 1 of the complaint; and therefore can neither admit nor deny the same; and if deemed material, demand that the same be strictly proven.

II.

Respondents admit that the defendant railroad companies either run through or into the yellow-pine region of the States wherein are located the mills and lumber plants of complainants' members, or connect with those which do so run, and under joint arrangements with each other and other connecting lines of railway, as well as upon their own tracks, are engaged in the transportation of persons, and property from the State of Louisiana east of the Mississippi
47 River, and the States of Mississippi and Alabama, by continuous all-rail carriage, to points on and north of the Ohio River, and to points on and east of the Mississippi River, and into what is called "Central Traffic Territory," and generally to points in the Western, Northern, and Eastern States.

III.

Respondents deny that from time to time they have raised their tariffs for the carriage of yellow-pine lumber from stations where the mills of the members of the complainant association are located

to points described in paragraph II of the complaint; but, on the contrary, respondents aver and say that only once within the four years prior to the advance of April 15, 1903, herein complained of, have said rates been advanced, and then only to the extent of 2 cents per hundred pounds; and respondents aver and say that said increase of 2 cents per hundred pounds was divided as follows: Respondents received 1 cent and the roads north of the Ohio River 1 cent.

Respondents deny that their through or joint tariffs effective prior to April 15, 1903, contained really higher charges for the transportation of yellow-pine lumber of complainants and others similarly situated than the reasonable and just value of such service would allow.

Respondents deny that they falsely assumed that the yellow-pine industry was enjoying an era of unexampled prosperity, or that its manufactured products were continually increasing in value. On the contrary, respondents aver, on information and belief, that the profits heretofore and now derived from their mills by these complainants and other persons in the territory occupied by them engaged in similar industries are unusual and excessively large.

Respondents aver and say that the improved market conditions prior to April 15, 1903, resulted in a great increase in the price of lumber, which fully justified said increase in rates, in view of the increased cost of operating their railroads, and in view of the fact that this commodity, considering the character and volume of such business handled, was not yielding its proportion of the revenue required by these respondents to meet their expenses.

Respondents, upon information and belief, aver and say that in spite of the advance in the price of timbered land of nearly 100 per cent. in the last few years, a number of manufacturing plants have been located in Mississippi and Alabama; that at this time practically all plants located in Mississippi and Alabama and in Louisiana east of the Mississippi River are running on full time and some of them night and day; that they have orders placed for their entire output, and state that their business was never in such good shape and on such a sound basis.

48 Respondents deny that they conspired or colluded with the several railroad companies carrying yellow-pine lumber into the same markets from the yellow-pine regions east and west of the Mississippi River and taking in the States of Texas, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, and the Carolinas, for the purpose of laying an advance of 2 cents or more per hundred pounds in the freight rates on yellow-pine lumber.

Respondents deny that in pursuance of any plan or purpose to advance lumber rates they held secret meetings with other roads, either through their traffic managers or the Southeastern Mississippi Valley Association.

Respondents aver and say that their action in increasing said rates was the independent action of each of the respondents respectively; that in making said advances, each of respondents exercised its own untrammeled judgment, and that said action was not taken through any concert between respondents, or between them and any other railroad companies, in pursuance of any unlawful agreement

whatever in restraint of competition, or in restraint of interstate trade.

Respondents aver and say that they gave notice to each other, and to other railroad companies and to the public generally interested in such shipments, that they would upon the date named put such increased rates into effect; but they entered into no agreement or compact of any kind with each other or any other railroad companies, binding or obligating themselves in any way under any contract, or under any penalty or forfeiture, or in any other way whatsoever, to put into effect or maintain such rates; that they were severally at all time legally and morally free to put in those rates or any other rates, or to desist from putting in those rates, if in their several judgments their several interests made it advisable.

Respondents aver and say that from time to time, and whenever their interests seemed to make it desirable, they have conferred with each other and with other railroad companies upon all questions bearing upon the cost and movement of freight, and the development of trade and commerce, and have exchanged with those engaged in a similar business, views and opinions bearing generally upon railroad interests, and have acted in such matters and in this particular matter independently, and upon their own several judgments, and that they have in no wise been controlled by any agreement with each other or with any other railroad company.

Respondents are advised and accordingly insist that they have the right and cannot be debarred from the right of free and full conference in respect of any matters relating to their business interests.

Respondents admit that their traffic officials met the traffic
49 officials of other roads, and that said meetings were held at New Orleans, La., and St. Louis, Mo.

Respondents deny that said Southeastern Mississippi Valley Association was organized, or is maintained, under agreements or for purposes which constitute an illegal combination in restraint of interstate trade, or for the fostering of monopoly in destruction of fair competition among carriers engaged in interstate trade. Respondents aver that said association was organized and is maintained under "Articles of association of the Southeastern Mississippi Valley Association (printed and distributed August 14, 1902)" and a true copy of said articles is here filed, marked "*Exhibit No. 1*," *and prayed* to be taken as part hereof, as fully as though set forth herein, but it need not be copied unless called for. Respondents are advised and insist that said articles of association contain no agreement, and indicate no purpose which constitutes an illegal combination in restraint of interstate trade, or for the fostering of monopolies in destruction of fair competition among carriers engaged in interstate trade. Respondents are advised and insist that the agreements contained in said articles of association and the purposes indicated thereby are in all respects legal, and that they do not violate any of the provisions of the act of Congress of July 2, 1890, entitled "An act to protect trade and commerce against unlawful restraint and monopoly," or any of the provisions of the act of Congress of February 4, 1887 or

of its amendments, entitled "An act to regulate commerce;" or any of the provisions of any other act of Congress or of the common law.

Respondents are advised and respectfully insist that this honorable Commission has no jurisdiction to inquire into the legality of the Southeastern Mississippi Valley Association; that the legality of said association can only be attacked under a bill filed by the district attorney of the United States under the direction of the Attorney-General for that purpose on the equity side of the United States circuit courts.

Respondents aver that the complaint in this case is not filed before the proper tribunal, nor by the attorney of the United States, nor under the direction of the Attorney-General.

Respondents are further advised and insist that this honorable Commission has no jurisdiction to decree that said Southeastern Mississippi Valley Association is an illegal organization, without having all the members of said association before the Commission.

Respondents aver and say that the Nashville, Chattanooga & St. Louis Railroad Company, and the Yazoo & Mississippi Valley Railroad Company and the Kansas City, Memphis & Birmingham Railroad Company are members of said Southeastern Mississippi Valley Association, and none of them are parties to this complaint.

50 Respondents rely upon said defense of want of jurisdiction as fully as though it were specially pleaded.

Respondents deny that at the meeting of traffic managers held January 30, 1903, in St. Louis, authorized representatives of respondent companies agreed with the representatives of all other carriers of yellow-pine lumber to increase the freight rates on yellow-pine lumber from all stations where it is manufactured and shipped to all points in territory described in paragraph two of the complaint.

Respondents aver and say that they made no agreement with any other road directly or through the Southeastern Mississippi Valley Association in adjusting their rates on lumber; that they entered into no compact of any kind, and in no way bound or obligated themselves under any penalty or forfeiture, or in any manner whatever, to put into effect, or to maintain after being put into effect, said advance in lumber rates. On the contrary, respondents aver and say that in making said advance each of respondents exercised its own untrammeled judgment.

In support of the denial of any agreement of binding effect upon the roads whose officials met at the meeting of the Southeastern Mississippi Valley Association, and who are members of said association, respondents refer to the fact set out in Paragraph III of the complaint, in which it is stated that the respondent, the "Louisville & Nashville Railroad Company, after promulgating said rate withdrew it, and afterwards made it effective June 22, 1903;" also to Paragraph V of the complaint, in which complainants recite the fact that "lumber-carrying roads west of the Mississippi River who participated in said combine adopted and promulgated tariffs, or some of them did, and have since receded therefrom and restored the rate effective prior to April 15, 1903."

Respondent, the Louisville & Nashville Railroad Company, admits that it advanced its rates for the transportation of lumber over its line, effective June 22, 1903; but it avers and says that said advance was reasonable and just, and that the increased rates resulting therefrom yield only a reasonable and just return to it for the service performed.

Respondents admit that they, or their connections, filed with this honorable Commission their lumber tariffs, effective March 1, 1903; but respondents deny that the advance over the rate previously existing was 3, 4, or 5 cents per hundred pounds.

Respondents aver and say that while their tariffs and those of their connections may in some instances show apparent increase of 3 cents, 4 cents, and 5 cents per hundred pounds over the rates in effect prior to April 15, 1903, said apparent increases were caused by the erroneous construction of some of said previous rates; and in
51 the reconstruction of said rates effective April 15, 1903, after said errors were corrected, the actual advance in said rates was only 2 cents per hundred pounds.

Respondents deny that in publishing their tariffs they limited the same to yellow-pine lumber, but, on the contrary, respondents aver and say that their tariffs apply on all classes of lumber alike.

Respondents admit that on account of strong protests from all shippers of yellow-pine lumber, based on the brevity of notice given and the fact that they all had contracts for the delivery of lumber based on existing rates, which could not be fulfilled within the time, respondents postponed the operation and effectiveness of said tariff to April 15, 1903, and filed their tariff schedules with this honorable Commission.

Respondents aver and say that though said increased rates were filed to take effect April 15, 1903, each of respondents had before that time separately and independently given notice of such an increase of rates to complainants and the shipping public, and such proposed increase of rates was well known to complainants to have been in contemplation by each of respondents for at least sixty days before said April 15, 1903. Each of respondents separately and independently gave notice during the month of February, 1903, that it would increase its lumber rates, effective March 1, 1903. In the early part of February, 1903, the lumber manufacturers in Mississippi, Alabama, and Louisiana, east of the Mississippi River, knowing of said proposed increase, represented to said respondents that it would take fifty-six days for them to be able to fill their existing contracts, and urged a postponement to enable them to do so; and in order to meet their request each of the respondents separately and independently postponed the going into effect of said increase on its lines until April 15, 1903, which gave complainants and the other lumber manufacturers more than the fifty-six days which they had requested. Not only so, but for some months prior to February, 1903, complainants and the lumber manufacturers knew that an increase in lumber rates was in contemplation by each of the respondents.

Respondents further show that when the question of increasing the rates on lumber was being considered, and when the respondents

pine lumber is unjust, unreasonable, arbitrary, unlawful, discriminatory, or in direct contravention of the provisions of the act to regulate commerce.

Respondents deny that complainants' rights and interests, or the rights and interests of others similarly situated, will be vitally or injuriously affected by the said increase of rates, or that said increase will be destructive of or highly injurious to the business of complainants or others similarly situated; but, on the contrary, respondents aver and say that complainants and all other persons engaged in the lumber trade will add, and in fact have added, the amount of the proposed increase of rates to the prices which they will charge purchasers for lumber, and therefore the rights and interests of complainants and others engaged in the lumber trade will not be injuriously affected at all.

Respondents deny that said increase will impair the value of complainants' property, or place an unnecessary or grievous burden or tax upon the transportation of their product, or practically render inaccessible complainants' available markets, or defeat equal competition in said large territory without any cause.

Respondents deny that such increase imposes upon the yellow-pine industry a burden out of line with and far more grievous than is sustained by the same products from other points, or by other products or commodities of like weight, cost of carriage, value of product, service, and all other conditions considered.

Respondents are informed and believe that complainants will increase—indeed, have already increased—their prices on lumber so as to cover, and in some cases more than cover, such advance in lumber rates, and although said advanced rate has been effective since April 15, 1903, it has not diminished the movement of lumber.

VII.

Respondents neither admit nor deny the amount of the annual average output of yellow-pine lumber from the mills belonging to and operated by the members of complainants' association, which is estimated by complainants at 1,500,000,000 feet per annum, of the value at the mills of about $6,000,000.

Respondents are not advised as to whether or not the allegation that not less than three-fourths of said output is shipped into the territory above mentioned, in competition with similar lumber from other pine-producing States, is true.

55 Respondents deny that said lumber is directly or injuriously affected by said unlawful, excessive, and unjust rates; but respondents deny that said advance of 2 cents in the rate by them is unlawful, excessive, or unjust.

Respondents have no knowledge or information sufficient to form a belief as to whether or not the lowest increase complained of in the petition of 2 cents per hundred pounds equals from 40 to 90 cents per 1,000 feet, depending on weight or quality of the lumber; or as to whether it will amount annually to from $400,000 to $800,000 additional freights on complainants' lumber shipped to the territory

affected, and if said allegations be material respondents demand strict proof of the same.

VIII.

Respondents deny that their tariffs effective April 15, 1903, since or now, are unjust, unreasonable, excessive, discriminatory, or arbitrary; or that their said tariffs are contrary to the provisions of the act of Congress approved February 4, 1887, and the several acts supplementary to and amendatory thereof.

(*a*) Respondents deny that under their rates in effect prior to April 15, 1903, yellow pine was an exceedingly profitable commodity to the carriers, or that the carriers under said rates received more than they were justly entitled to receive, so that no increase is reasonable, nor is the rate itself so.

Respondents admit that under previously existing rates lumber was carried at a profit, but respondents aver and say that it was not an exceedingly profitable commodity.

(*b*) Respondents admit that the previously existing rate on lumber yielded a profit to the carrier, but respondents deny that it was under the previous or that it is under the present rates a very profitable freight, or that it is the most profitable of any freight originating in the Southern Territory, value, tonnage, and cost of handling considered.

Respondents deny that, the value being very small, the tonnage being very great, the cost of handling being comparatively small, or being practically indestructible, it could be transported in any kind of cars the railroad might have empty; but, on the contrary, respondents aver and say that lumber, as a shipping commodity, is not practically indestructible, and that a very common class of damage claims against respondents is for lumber that has been injured in transmission in the handling and transfers from car to car and by blueing through exposure to the weather.

Respondents deny that lumber, as a rule, can be handled in any kind of cars that the respondents may have empty; but, on the
56 contrary, respondents aver and say that much of the lumber is of such dimensions as can not be handled in box cars at all.

Respondents deny that the cost to the respondents of handling lumber is very small; but, on the contrary, respondents aver and say that respondents are often required by this trade to send to the mills of the complainants large numbers of empty cars, on which they get loaded hauls only one way.

(*c*) Respondents have no knowledge upon which they can admit that the average freight on yellow-pine lumber from complainants' mills to points of destination aforesaid amount in the aggregate to a sum nearly equal to the value of the product at the point of shipment, and if such allegation be material strict proof of the same is demanded.

Respondents aver and say that the same is true in regard to the allegation that from points within the State of Mississippi more than $10,000,000 is annually paid to respondents and their connections for transporting to market said yellow-pine lumber, valued at the

mills at about the same sum, and therefore strict proof of this allegation is demanded.

Respondents deny that the rate in force just preceding April 15, 1903, was greater than should have been charged to insure reasonable, just, and lawful compensation to respondents.

(*d*) Respondents deny that a large portion of the yellow-pine product of complainants' mills is of low grade; but respondents, on information and belief, aver and say that certain mills make comparatively little low-grade lumber, and that their product is nearly all high-grade lumber, such as flooring, ceiling, etc.

Respondents have no knowledge or information as to whether the low-grade lumber amounts to 33 1/3 per cent. of the entire product or not; but respondents are informed and believe that 30 per cent. would cover all low-grade lumber, and that the relative quantity of low-grade lumber depends entirely upon the mill, and where much low-grade lumber is turned out it is because the logs from which the lumber is manufactured are of poor grade, and consequently cost the producer less, and he should expect less for his product; that the low-grade lumber is nearly all clear profit, made for the lumbermen by the railroad companies finding for said lumber a market.

Respondents aver and say that it is a fact that because of the high price of the high grades of lumber the low grades of lumber have been for the past three years and still are in great demand, being used as a substitute for the very expensive higher grades; that in consequence the mills along some of respondents' lines have sold out almost entirely their low-grade lumber, whereas they have on hand a certain amount of high-grade lumber which commands fancy prices. Respondents further aver and say, as to the said low-
57 grade lumber, that prior to the market being afforded for this lumber north of the Ohio River the same was practically valueless to complainants, and that what profit they make from said low-grade lumber is practically all net gain, and is due to the fact that respondents and other railroad companies have afforded them a market where they can sell it.

Respondents deny that complainants will not be able to compete in the same markets with other low-grade lumber.

(*e*) Respondents deny that the rate on lumber previous to said advance was greater per ton mile than on coal, pig iron, cement, or other like products, value, weight, and cost of handling considered, or that said previous rate yielded an ample profit to the carriers; and respondents deny that the present rate on lumber is greater per ton per mile than on coal, pig iron, cement, or other like products, value, weight, and cost of handling considered.

The comparison made in the petition between the rates on lumber and those on coal and pig iron is unfair, irrelevant, and misleading. Coal and pig iron are practically indestructible in transportation. The wreck of a car loaded with either of them would not occasion much, if any, loss of the commodity, while lumber is broken to pieces, if wrecked, and is inflammable. Besides, lumber is a commodity that does not come into competition with coal, pig iron, or other like products. Coal is a very cheap commodity, and it is not

shipped at all from Southern Territory to the North Central and Western Territory. Pig iron is a crude commodity carried to manufacturing points, and it always gives to the carrier a second haul on the manufactured product.

Respondents aver and say that the principal elements in the extra cost of handling lumber, particularly from Louisiana and Mississippi, are as follows:

By reason of the extreme low minimum permitted on lumber shipments it enables retailers to order small shipments and get the benefit of carload rates. The total revenue tons an engine is capable of hauling depends entirely on the gross tons loaded into a car. An engine will haul 40 per cent. more revenue tons in 50-ton capacity cars, loaded to the maximum, than in the 20-ton cars loaded to their maximum, the latter being about the average tonnage of lumber. The friction of wheel to rail and bearings and on journal and the length of train are the ruling factors of resistance, and therefore the more cars that are required to haul a light tonnage the less will be the total gross tons that the engine can haul. In other words, there can be hauled about 35 per cent. more revenue tons of coal, grain, pig iron, billets, cement, and other heavy commodities with the same power and fuel expense than there can be hauled of lumber, and this is on account of the light loading of the lighter commodity.

58 The shorter the train, or the more tons per car with which freight is loaded, the greater is the amount of revenue freight an engine and train can handle. A train containing 1,000 tons of pig iron, coal, or cement, yields a much greater per cent of revenue freight to dead weight than a train containing the same amount of lumber. For example, the dead weight carried in transporting 1,000 tons of coal amounts to only 390 tons, while the dead weight carried in a train handling 1,000 tons of lumber is 600 tons. If a train consists of 1,000 gross tons, there will be 720 tons of coal to 280 tons of dead weight, while in a train of 1000 gross tons loaded with lumber there will be 625 tons of lumber to 375 tons of dead weight. An actual check of cars loaded with lumber, coming from the territory in question from connections with the Illinois Central Railroad Company and also upon said company's own line, shows the following:

Number of cars.	Stenciled capacity.	Maximum allowance.	Weight of contents.	Per cent of capacity used.
5	30,000	165,000	163,900	99.30
229	40,000	10,120,000	7,867,062	77.70
39	50,000	2,145,000	1,489,100	69.40
481	60,000	31,128,000	17,540,$32	56.50
32	80,000	2,816,000	1,424,500	50.50
786	.....	46,374,000	28,485,394	61.40

Thus it appears that the smaller the capacity of a car used in handling lumber the nearer is there an approach to loading to full capacity, and that as the capacity of the cars increases the proportion used diminishes. In cars of 80,000 pounds capacity only 50 per cent. is utilized in loading lumber, so far as weight is concerned, although doubtless more than 50 per cent. of their space capacity is utilized. This is not the case with corn, wheat, coal and other commodities. These facts are alike applicable to the other defendants. Therefore, it costs more to defendants to transport lumber than it does any of these other commodities, and the rate per ton per mile on these other commodities can not be looked to for establishing any discrimination against lumber.

Respondents deny that said previous rate on yellow-pine lumber yielded an ample profit to the carrier.

(*f*) Respondents admit that the character of yellow-pine lumber shipped by complainants in part is of such grade that for its transportation the carrier furnishes a naked platform or flat car, which the shippers are required to equip with standards, braces, and strips at their own expense; but respondents aver that said cars are furnished, as a general rule, at the request of said shippers. As a general rule shippers prefer to load lumber on flat cars rather than in
59 box cars. It is easier to load all kinds of lumber on flat cars than in box cars, and it costs the lumber shipper less to load and unload flat cars than it does to load and unload box cars. Certain kinds of lumber are too long to be loaded in box cars; and some kinds of lumber are *are* so long as to require two flat cars for their transportation.

Respondent's information and belief is that the cost of loading lumber in box cars is nearly twice as much as the cost of loading it on flat cars. In order to supply complainants and other members of the Central Yellow Pine Association with the necessary number of flat cars to move their lumber respondents are compelled to haul a large number of flat cars to the mills empty; and consequently the rates charged by respondents for the transportation of the lumber from the mills to the territory in question represents a transportation service rendered in carrying the empty flat cars to the mills as well as a transportation service rendered in carrying the loaded cars from the mills to said territory. In the case of the respondent, the Southern Railway, 85.3 per cent. of its flat-car equipment furnished for lumber shipments moves south empty.

In the case of respondent the Louisville & Nashville Railroad Company, practically all of its flat-car equipment furnished for lumber shipments sooner or later moves over its rails, south, empty.

In the case of the other respondents, except the respondent the Cincinnati, New Orleans & Texas Pacific Railway Company (which is not an initial line in the territory involved, and has not been called upon to furnish direct to the shippers cars for the handling of the lumber shipped by complainants), about the same per cent. of their flat-car equipment furnished for lumber shipments moves south empty.

Respondents aver and say that a large number of such cars fur-

nished to shippers are from foreign lines, and for these respondents are required to pay a per diem charge or rental of 20 cents per day, which adds materially to the cost of the carriage, and by reason of the fact that said cars are hauled south bound empty the rates charged complainants to Ohio River points and points beyond represent a charge for transportation in both directions.

Respondents admit that the shipper is required to equip with standards, strips, and supports, platform or flat cars upon which lumber is loaded for transportation. The object of the requirement is to prevent the lumber from falling off the cars while they are in motion. Similar requirements are made of others who ship articles which require similar precaution. Said requirement is universally enforced on railroads in the United States, and it is in fact a rule of the Master Car Builders' Association of the United States.

Respondents deny that they require shippers to make the standards, strips, and supports "of high grade lumber;" the only
60 requirement on the subject is contained in the following rules of the Master Car Builders' Association, viz:

12. "All stakes, clamping pieces, bearing pieces and braces must be sound, straight-grained lumber (hardwood preferred), free from knots that would materially impair their strength. Care must be taken to keep the stakes from spreading at the top while the cars are being loaded, and in no case must a load exceed the width of a car. Stakes should not be less than 4 inches wide by 5 inches deep, tapered at the ends to accurately fit into stake pockets, which should not be less than 3½ by 5 inches.

13. "Opposite stakes must always be fastened together. When the specified fastening is by means of boards there must be two boards for every pair of stakes, each board not less than 1 by 6 inches in section, and fastened at each end by not less than three tenpenny nails. When the specified fastening is by means of wire, the wire must be equal to six strands, or three wrappings of No. 8 telegraph wire, and the wire must be secured to prevent it from slipping."

Respondents do not know the exact cost to the shipper of equipping flat cars with standards, strips, and supports, but their information and belief is that $1.25 per car is the average cost, and that the maximum cost for a single car would not exceed $1.50. These estimates include all cost of labor and material in preparing said car for such shipments.

Respondents have given their best information and belief as to the average and maximum cost of equipping cars of lumber for transportation, and, upon such information and belief, respondents deny that the cost of equipping platform or flat cars for the shipment of lumber from Mississippi points alone amounts to from $50,000 to $100,000 per year, or an average of $2.50 to $3 per car, and respondents aver and say that the aggregate amount of such cost will depend upon the number of cars shipped.

Respondents admit that the shipper is required to pay freight on the increased weight of said equipment, but their information and belief is, and they so aver, that said freight rates on said equipment

will not amount to more than $1 to $1.25 per car, and will not amount to $3 per car as alleged in the complaint.

Respondents aver and say that as an offset to the requirement that shippers must equip platform or flat cars with standards, strips, and supports, and pay freight upon their weight, it is a common practice for shippers of lumber to load the cars below their marked capacity; the result of which is to deprive the carriers of the additional revenue which they would have obtained had the cars been loaded to their full capacity.

There are similar requirements for making secure carloads
61 of structural material, plates, rails, girders, cast-iron pipe, tanbark, etc., when loaded on open cars, and shippers are required to furnish and pay freight on standards, strips, and supports to protect the load. Shippers of live stock are required to bed cars at their own expense, and when partitions are necessary for the separation of the stock, shippers are required to provide said partitions at their own expense.

When it is necessary to protect and secure by proper bracing shipments of machinery, agricultural implements, vehicles, and other articles, the expense of providing such protection is borne by the shipper, and freight charges on practically all classes of traffic which require protection by crating or other packing are assessed upon the basis of gross weight.

The so-called burden of equipping platform or flat cars so as to protect the lumber is really not a burden at all; it is a natural and necessary incident of carrying lumber on flat cars, most of which have to be hauled to the mills empty. Formerly the carriers charged 3 cents per hundred pounds additional for lumber carried on flat cars, in partial recognition of the additional disadvantage to which the carrier is subjected in being compelled to haul the flat cars to the mills empty, and in being compelled in the case of long lumber to furnish two or more flat cars, one of which is known as an "idler."

Respondents are informed and believe that all dressed lumber 20 feet or less in length can be transported, and, in fact, most of it is transported in box cars, and that whenever said box cars are used by complainants there is no additional charge incident to such transportation.

Respondents would prefer furnishing box cars for hauling lumber, but complainants, as hereinbefore stated, on account of the increased cost to them of loading said box cars, demand that they be furnished with naked platform or flat cars, and therefore these cars are furnished not as a matter of choice by respondents, but to accommodate complainants. Box cars could be furnished in the natural course of business, and at less cost to respondents.

Said box cars are hauled south loaded, and are in the territory and ready to perform this service, and would be tendered for this service if they were acceptable to complainants.

Flat cars are hauled empty from St. Louis and Chicago and other western points to the South to afford complainants and like shippers

the desired equipment, and also for loading their heavy timbers and sills, which can not be put into box cars. To meet this demand, coal cars and flat cars are frequently sent south empty from northern and eastern points also, and thus an additional haul without any compensation is incurred by respondents to afford complainants and like shippers such cars as they desire.

62 (*g*) Respondents deny that there is any discrimination through or on account of any rebate. They severally deny that either of them has any connection with or any participation in any way in any rebates given to shippers from the yellow-pine regions of Arkansas and trans-Mississippi Louisiana whose products compete with the products of complainants' mills in the same markets.

Respondents severally deny that they charge lower freight rates to any of their patrons than they charge complainants for similar services. They say that the rates charged shippers from the yellow-pine regions of Arkansas and trans-Mississippi Louisiana are made by railroad companies over which they have no control whatever, and with which they have no agreement, understanding, or combination whatever in respect of any rebate given to any such shippers. Respondents are advised and insist that they are not under any obligation, either under the common law or under any statute of the United States, to meet the rates given by carriers from Arkansas and Louisiana west of the Mississippi River, and they further aver and say that they have no power in any way to regulate or control such rates. Respondents aver and say that what complainants mean by said rebates is that certain railway companies in Louisiana and Arkansas make a division of rates with certain of their shippers, who own and operate in connection with their roads what are called "tap-line roads," and that by reason of the amount so allowed by such railway carriers west of the Mississippi River to such owners of tap-line roads such owners get an advantage whereby they are enabled to make a larger profit in [illegible]g their lumber in competition with complainants than they would make but for such alleged tap-line divisions. Respondents aver and say that they have nothing to do with and no control over any of said divisions, and are not participants in any way therein; that if such divisions constitute rebates and are unlawful, then the proper remedy is not to seek relief in this proceeding against respondents for the purpose of controlling their rates and making them bear the burden of an unjust and unlawful discrimination exercised by other common carriers, who are their competitors and over whom they have no control. The proper and only remedy for such a wrong, if any wrong exists, is before this honorable Commission or before the United States court in a direct proceeding against such alleged wrongdoers.

Respondents aver and say that the Central Yellow Pine Association, the complainant in this case, has filed a complaint before this honorable Commission against the Vicksburg, Shreveport & Pacific Railway Company, the Kansas City Southern Railway Company, the St. Louis Southeastern Railway Company, and the St. Louis, Iron

Mountain & Southern Railway Company, seeking relief from
63 the very conditions complained of in respect to such alleged rebates in this complaint; and they say that this honorable Commission has no jurisdiction over the present complaint in that respect, and can make no proper decree or order against these respondents which would remove the evil, if any evil exists.

Respondents severally deny that through any action on their part they are unduly advancing their rates or that complainants' members are placed at a double disadvantage in at least all markets reached via Cairo, Illinois, as a basing point.

(*h*) Respondents severally deny that said advance in rate is an unjust or unreasonable burden upon complainant or the public.

Respondents severally deny that during the fiscal year 1902-3 they earned an unusual or unreasonably large net profit on the capital invested in their business.

Respondents severally deny that their capital stock grossly exceeds as to the public, or as a basis for rates, the actual cost of the construction and equipment of their respective railroads.

Respondents severally deny that their bonded indebtedness grossly exceeds the fair valuation of the respective properties of respondents.

Respondents deny that it is unjust or unreasonable to impose upon the business of complainants said increase in rate of 2 cents per hundred pounds.

Respondents severally deny that they earn or pay any dividends on any excess of capital stock or principal or interest on any excess of bonded indebtedness. On the contrary, respondents severally aver and say that the amount of their capital stock and bonded indebtedness honestly represents the cost of their respective properties.

Respondents deny that by reason of this increase in their rates on lumber they will earn an unreasonable compensation, or that the same is an unreasonable charge on yellow-pine lumber, and they further deny that said increase is unjust, unlawful, or unreasonable; but, on the contrary, they aver and say that the same is a reasonable, just, and lawful charge for the services performed.

IX.

Respondents admit that the only effect of the increase of the tariff on lumber will be that complainants will demand and receive of consumers in addition to the high price now asked the additional amount paid by them in freight. Respondents, however, do not admit that such should be the result, but aver and say that complainants' profits have been so large in the past few years, and still are, that they could well afford to sell at the same price and still make a fair and reasonable profit on their product.

64 Respondents deny that complainants have already lost ground in the markets above mentioned on account of the disadvantages to which they are put by said advance in freight; but, on the contrary, respondents aver and say that complainants' rights and interests in common with those engaged in the lumber trade in

the territory in which complainants do business will not be vitally or injuriously affected by said increase of rates; but, on the contrary, as hereinbefore stated, respondents aver that complainants and all other persons engaged in the lumber trade in said territory will add the amount of the proposed increase of rates to the prices which they will charge purchasers for lumber, and therefore the rights and interests of complainants and others engaged in the lumber trade in said territory will not be injuriously affected at all.

Complainants adroitly aver that the prices of yellow-pine lumber have remained practically stationary during the last year, but they carefully omit to aver, as the fact is, that the market value of said lumber from 1897 to January 1, 1902, was increased not less than 60 per cent. Respondents admit that there has been some increase in the cost of production of yellow-pine lumber, and aver and say that it consists in the items of raw material, labor, and feed for stock, all of which have materially advanced in price.

Respondents aver and say that in the manufacture of lumber, as in the manufacture of everything else, the minimum cost per unit can only be obtained where conditions permit maximum production, and respondents aver and say that the conditions existing in the territory wherein complainants are located do permit a maximum production of lumber in said territory.

Respondents are informed and believe that complainants will increase—indeed, have already, as hereinbefore stated, increased—their prices on lumber so as to cover and in some cases more than cover such increase in rate; and, although this rate has been effective since April 15, 1903, it has not diminished the movement of the traffic.

Respondents aver and say that said increase will allow complainants and other manufacturers a reasonable return upon the money they have invested in their respective industries; and they say upon information and belief that complainants' is a very prosperous industry, and that it is yielding them a large and very handsome profit, and that they receive a reasonable return for the money invested in their plants and in labor and other costs of production; that the traffic will bear the increase in freight rates, and that such increase in freight rates has not destroyed the profit of the industry or limited or circumscribed the territory in which complainants' products can be marketed; nor has it practically destroyed the margin of profitable operation. On the contrary, respondents, on information
65 and belief, aver that the profits heretofore and now derived from their mills by these complainants and other persons in the territory occupied by them engaged in similar industries are unusual and excessively large.

Respondents have no knowledge of any particular hypothesis that was acted upon in readjusting their tariffs on lumber. They aver and say that the prior rate was not in their respective judgments an adequate compensation for the service rendered, and that they were entitled under the law to an adequate compensation for the services they were performing for complainants, and therefore accordingly advanced their rates on lumber 2 cents per hundred pounds.

X.

Respondents deny that said increase places complainants' product at an unfair disadvantage with other woods or lumber in competing markets, or that the same was unnecessary to enable respondents to earn a reasonable return upon their investments.

Respondents aver and say that yellow-pine lumber has not been singled out to bear the whole burden of increased rates. On the contrary, on account of the general prosperity of the country and of those engaged in business, and on account of the increased cost of doing business to the railroad companies and the market reduction in their net revenues, although there has been a great increase in the volume of service performed, respondents have felt the necessity for increasing their revenues and their right to participate in the general prosperity enjoyed by all other industries in the country, and have therefore sought from time to time, with a due regard to the industries along their lines, and to their patrons, to equitably distribute the burden of the aggregate increase, which they felt they would be justified in making, and so have not undertaken to put, and have not put, all such increase upon yellow-pine lumber, but have distributed it and are expecting to continue to distribute it fairly and justly among their shippers.

The Illinois Central Railroad Company says that the increased rate will apply to all woods except those upon which the rates are fixed by water competition.

The Southern Railway Company and the Alabama Great Southern Railroad Company say that said increase will be made to apply to all other woods that may be carried by them from yellow-pine territory to the competitive territory mentioned, though there is no other lumber shipped over the line of the Southern Railway to Ohio River points or beyond from the yellow-pine territory which comes into competition with yellow-pine lumber.

66 Respondent avers and says that this honorable Commission in its last annual report mentioned 531 commodities upon which the rates have been increased in the Southern Territory, which commodities are now moving freely, notwithstanding that their rates have been advanced.

As an illustration of how the railroad companies generally have, during the past year, been doing a larger volume of business at greatly increased expense and with a less net revenue, respondent, the Illinois Central Railroad Company, exhibits the following comparison of net revenue for the seven months ended January 31, 1903 and 1902:

	This year.	Last year.	Increase.
Miles operated	4,300	4,284	16
Gross receipts from traffic	$25,834,846	$24,128,583	$1,706,263
Less operating expenses and taxes	18,100,820	16,106,723	1,994,097
Excess of receipts over operating expenses and taxes	7,734,026	8,021,860	a 287,834

a Decrease.

Thus it is shown that for the seven months ending January 31, 1903, there was an increase in gross receipts from traffic over the corresponding seven months of the preceding year of $1,706,263; that for the same period there was an increase in operating expenses of $1,994,097, and that notwithstanding said increase of $1,706,263 of gross revenue, there was a decrease of net revenue of $287,834. This comparison, with varying figures, applies to all respondents. This increase in operating expenses was due to increase in the wages of employés as well as in the cost of supplies. The compensation of almost every class of railroad labor has been increased materially during the past year. The taxes of the Illinois Central Railroad Company increased $65,069.51, or 4.8 per cent. The proportion of operating expenses to gross earnings on the Illinois Central Railroad for the first eight months of the current fiscal year was 66 per cent. as against 63 per cent. during the same period of the previous year, and this comparison is made on exactly the same basis and under the same policy of maintenance of the property as in former years, no unusual amounts having been charged to betterments, improvements, or other accounts. For the eight months ending February 28, 1903, compared with the same period a year ago, the operations of the Illinois Central Railroad Company show that the average receipts per ton per mile of revenue freight were 5.87 mills as against 6.38 mills last year, and that in spite of the increased expenses and reduced net earnings the tons of freight carried during the period mentioned were 14,530,311 tons this year, as against 12,675,287 tons last year, an increased tonnage of 14.6 per cent., with a decrease in net
67 revenue of 2 per cent. In the month of February, 1903, the number of employés required to handle the increased tonnage of the Illinois Central Railroad was 35,575, as against 31,482 engaged in the service during the same month for the previous year. For the eight months ending February 28, 1903, the operating expenses of the Illinois Central Railroad per revenue train mile were $1.03-11, as against $0.97-17 for the corresponding eight months of the previous year, showing an increase of nearly $0.06 per train mile.

The Southern Railway Company shows that the net revenues of

STATE OF KENTUCKY, *County of Jefferson, ss:*

Personally appeared before me —— ——, a notary public, duly and regularly appointed, commissioned, and qualified in and for the State and county aforesaid, —— ——, who made oath in due form of law that he is the — of the Louisville & Nashville Railroad Company, one of the respondents in this proceeding; that the facts stated in the foregoing answer are true to the best of his knowledge, information, remembrance, and belief.

—— ——.

Sworn to and subscribed before me this — day of July, 1903.

Witness my hand and notarial seal at office in ——, this — day of August, 1903.

—— ——,
Notary Public.

NOTE.—Exhibit 1 to the foregoing answer, being "Articles of Association of the Southeastern Mississippi Valley Association," is hereinbefore set forth as Exhibit A to answer of Mobile & Ohio Railroad Company.

70 EXHIBIT G.

71 No. 707.

THE CENTRAL YELLOW PINE ASSOCIATION
v.
THE ILLINOIS CENTRAL RAILROAD COMPANY; THE GULF & SHIP ISLAND RAILROAD COMPANY; THE SOUTHERN RAILWAY COMPANY; THE MOBILE & OHIO RAILROAD COMPANY; THE NEW ORLEANS & NORTH EASTERN RAILROAD COMPANY; THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY; THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY; THE ALABAMA & VICKSBURG RAILWAY COMPANY; THE LOUISVILLE & NASHVILLE RAILROAD COMPANY; THE MOBILE, JACKSON & KANSAS CITY RAILROAD COMPANY.

Decided February 7, 1905.

Complaint was made of an advance by defendants of 2 cents per 100 pounds on April 15, 1903 (except as to the L. & N. R. Co., as to which the advance became effective June 22, 1903), in the rates on lumber in carloads from points in lumber producing territories east of the Mississippi River in Louisiana, Mississippi, and part of Alabama served by defendant roads, to Ohio River points, applying both on shipments locally to such Ohio River points and to shipments destined beyond. On September 9, 1899, the rate previously in effect from May 1, 1894, was advanced one cent, making a total advance of 3 cents since May 1, 1894. The rates prior to the advance on

April 15, 1903, were remunerative to the defendant carriers. *Held*:—

1. That when a railroad company advances a rate which has been for some time in force, the fact of its continuance is in the nature of an admission against that company which tends to show the unreasonableness of the advance; and in this case the rates in effect for long periods prior to the advance are shown to have been profitable to the defendant carriers.

72 2. That the test of the reasonableness of a rate is not the amount of profit in the business of the shipper or manufacturer, but whether the rate yields a reasonable compensation for the services performed. Carriers necessarily and justly participate in the prosperity of their patrons in the resultant enlargement of their own business.

3. That the advance in rates by defendants was not justified by increase cost of operating the roads, for while the operating expenses have constantly increased, they have been enlarged by the inclusion therein of large expenditures for permanent improvements, and defendants' gross earnings have increased from year to year to such extent as to result in a constant increase of net earnings.

4. That the value of the entire property of a road employed for the public convenience can shed but little, if any, light upon the question whether the rate on one among thousands of articles of traffic yields its proper proportion of a fair return upon that value, and moreover, the voluminous and conflicting testimony in this case on that subject does not enable the Commission to determine the value of defendants' respective properties.

5. That the elements to be considered in determining the reasonableness of an entire system of rates are widely different from those involved in the question of the reasonableness of the rate upon a single commodity.

6. That the advance of rates complained of in this case was the result of concerted action by defendants and other carriers; and while the question whether such concert of action is in violation of the "Anti-Trust Act" is for determination only by the courts, it is the province and duty of this Commission, when the reasonableness of rates is in issue before it, to consider whether the advanced rates resulted from untrammeled competition, or were fixed by concert of action or combination of carriers.

7. That the rates in effect prior to the advance were reasonably high when compared with the rates on other commodities which are at all analogous to lumber in respect to value, volume, and the various conditions affecting the service of transportation.

8. That carriers have no right to advance a rate which is already reasonably high and which yields an adequate re-

turn for the services rendered solely because additional revenue is needed.

9. That logging roads, or "tap lines," to which the defendant M. & O. R. Co. grants allowances from its published rates, are not common carriers, but such tap lines are the private properties of mill owners, and the allowances are therefore unlawful. Cent. Yellow Pine Assn. *v.* V. S. & P. R. R. Co. (10 I. C. C. Rep. 193), cited and applied.

10. That section 3, of the Act to regulate commerce, which prohibits undue preferences as between individuals or localities, is not violated by the failure or refusal of defendants to make "tap line" allowances to mill owners in their territory while such allowances are granted to mill owners by other
73 carriers in the territory west of the Mississippi; but if the rate west of the Mississippi River, minus the allowance, is reasonable, it tends to support the proposition that a similar reduction east of the River would leave the rate reasonably high; and the M. & O. R. Co., by voluntarily making such allowances east of the River, practically concedes this proposition as to itself.

11. That no rule is more firmly grounded in reason or more universally recognized by carriers, than that the greater the tonnage of an article of traffic, the lower should be the rate, but defendants have made yellow pine lumber an exception to this rule.

12. That lumber rates should be relatively low, in view of the fact that lumber is inexpensive freight and few other commodities furnish to carriers so large a tonnage; that the lumber business is constant, yielding carriers revenue all the year; that no special equipment is constructed or furnished for its carriage; that it is loaded by shippers and unloaded by consignees, and where open cars are furnished the shipper is required, at considerable expense, to equip them so as to protect the lumber and the train; and that there is small risk and in case of accident the damage is insignificant.

13. That the advance on April 15, 1903, of 2 cents per 100 pounds in the rate from the shipping points in question to the Ohio River was not warranted, and that the resultant increased rates are unreasonable and unjust.

Green & Green and *T. M. Miller* for complainant.
Ed. Baxter for defendants.
Sidney T. Andrews for Illinois Central Railroad Company.
Claudian B. Northrop for Southern Railway Company.

Report and Opinion of the Commission.

CLEMENTS, *Commissioner:*

The complainant is an incorporated association composed, as alleged in the complaint, of a large number "of persons, firms and corporations" engaged in the business of manufacturing yello

pine lumber in the states of Mississippi, Alabama and that part of Louisiana east of the Mississippi River, its declared object being to protect the interests of the manufacturers of yellow pine lumber in that territory in the matter of transportation rates.

The defendants are common carriers by rail engaged in interstate commerce, and, in particular, in the transportation of yellow pine lumber from the mills and lumber plants of complainant's
74 members in said territory to, for the most part, the territory known as "Central Freight Association Territory," which lies on and north of the Ohio River and on and between the Mississippi River on the west and a line running through Buffalo and Pittsburg on the east, and complainant's members are dependent upon the defendants for the transportation of their lumber to the markets of the country.

The Mobile, Jackson & Kansas City Railroad was made a party defendant, but, it appearing that that road was not directly interested in or responsible for the rate or matter in issue, the case was on motion of counsel for the complainant dismissed as to it.

The complainant charges, in substance, that the defendants, on the one hand, and, on the other hand, the several railway companies carrying yellow pine lumber into the same markets from the territory west of the Mississippi River, embracing the states of Texas, Arkansas and that part of Louisiana west of that river, met through representative officials and by agreement advanced the rate on yellow pine lumber, from the territories both east and west of the Mississippi to points on and beyond the Ohio River in said Central Freight Association Territory, 2 cents per hundred pounds, making said advance applicable south of the Ohio River and effective on and from April 15, 1903, except as to the Louisville & Nashville road as to which it became effective June 22, 1903; that the defendants from time to time prior to April 15, 1903, had advanced their lumber rates, and that the rates effective prior to that date "contained really higher charges for the transportation of yellow pine lumber of complainant and others similarly situated than the reasonable and just value of said service would allow;" and that—

"Said increase on yellow pine lumber is unjust, unreasonable, arbitrary and discriminatory, in direct contravention of the provisions of the Act to regulate commerce, and is destructive of and wholly injurious to the business of complainant and others similarly situated, and largely impairs the value of their property by the placing of an unnecessary and grievous burden and tax upon the transportation of their products and by rendering practically
75 inaccessible their available markets and defeating equal competition in said large territory (Central Freight Association Territory) without any cause; that said unjust and unlawful increase imposes upon yellow pine lumber shipped by complainant's members and others similarly situated, carried as interstate commerce under like circumstances and conditions, an excessive burden out of line with and far more grievous than is sustained by the same products from other points and by other products and commodities

of like weight, cost of carriage, value, service and all other conditions considered."

The complaint further charges that

"The railroads transporting yellow-pine lumber from the yellow pine regions of Arkansas and Trans-Mississippi Louisiana, and which yellow pine lumber competes with the products of complainant's mills in the same market, not only charged lower freight rates to their patrons, but allow them a rebate in the shape of so-called tap-line divisions through the logging railroads owned by them and used for bringing logs from the woods to their saw mills."

The complainant alleges many matters, which will be hereinafter considered, in support of these charges, and in conclusion prays that an order be made declaring said advanced rate "excessive, unjust and unreasonable as well as discriminative, in violation of the Act to regulate commerce," and requiring the defendants "to desist from enforcing their unlawful and unreasonable tariffs now effective on yellow pine lumber." There is also a prayer for general relief.

The defendants in their answers specifically deny all the charges in the complaint and also the principal matters set up therein as sustaining those charges. The main grounds upon which the defendants seek to justify the advance in the rate complained of, are:

1. The alleged improved market conditions prior to April 15, 1903, which resulted in an increase in the price of lumber.
2. The alleged increased cost of operating the railroads.
3. The alleged fact that lumber, considering its character and the conditions attending its transportation, was not yielding its
76 proportion of the revenue required by the defendants to meet their expenses.

The complainant claims, in brief, that the greatly increased and constantly increasing tonnage of the lumber traffic and of traffic in general of the roads and resultant increase in earnings, called for a reduction rather than an advance in the rate; that the rate, as before stated, prior to the advance yielded at least a reasonable, if not an excessive, return for the service rendered and that the facts, if they exist, that the lumber business had prospered and grown more profitable and that the expenses of the roads had increased, were no grounds for the advance of a rate already reasonably high.

After having given the entire record the long and careful consideration absolutely necessary, we find the following to be the controlling facts.

Findings of Fact.

1. The lumber producing districts which are concerned in the matters involved in this case may be divided into, first, territory west of the Mississippi composed of Louisiana west of that river, and Arkansas and Texas; second, Louisiana east of the river, Mississippi and part of Alabama, and, third, Georgia, Florida and part of Alabama, called Southeastern Territory. The lumbermen in each of these districts compete in the sale of their products in the same markets which are principally in the territory on and north of the

Ohio River and on and between the Mississippi River on the west and a line running through Buffalo and Pittsburg on the east, known as "Central Freight Association Territory."

The roads of the defendant carriers are located in the second of these territories, namely, that east of the Mississippi, in Louisiana, Mississippi and part of Alabama, and run through and serve the lumber producing districts in that territory.

2. The advance in the rates complained of was from the lumber producing territories west as well as east of the Mississippi River and was made, in fact, though not expressly, by agreement between the defendants and the roads west of the Mississippi. Several meetings were held and consultations had between the rep-
77 resentatives of the lines serving both territories which finally resulted in the advance made. It was understood to be impracticable for the lines east of the Mississippi to advance their rates without a corresponding advance by the lines west of the Mississippi and consequently there was a concurrence or agreement between them before the advance was made. The roads east of the Mississippi (defendants) appear to have taken the initiative in this matter.

The advance was 2 cents per hundred pounds, effective April 15, 1903, except as to the Louisville & Nashville road, as to which it became effective June 22, 1903. It was made applicable to St. Louis, East St. Louis and all Mississippi River crossings from St. Louis to and including Memphis and to all Ohio River crossings from Cairo to Cincinnati, both inclusive.

At Cairo traffic from the mills in a large portion of the lumber producing districts west as well as east of the Mississippi River meets or converges *en route* to destinations, the line to Cairo being the short line from the greater part of those districts. The rates to the other Ohio River crossings, Evansville, Louisville and Cincinnati, are said to be based on Cairo; that is, they bear a fixed relation to the Cairo rate, being higher by certain amounts and being correspondingly advanced or reduced as the Cairo rate is advanced or reduced. The through rates to interior points beyond the Ohio River in Central Freight Association Territory are made up of the full local rates of the roads north of the Ohio as the proportions of those roads and whatever is left of the through rates as the proportions of the roads south of the Ohio. The rates to interior points north of the Ohio are made on the lowest combination of rates to the Ohio plus the rates beyond, and are blanket rates, being the same from all shipping points or points of production to the same destination.

The Ohio River point rates are to the north bank of the River and include or absorb the bridge tolls. The bridge tolls or transfer charges are 2 cents per hundred pounds at Cairo, 1½ cents at Evansville, 1 cent at Louisville and 2 cents at Cincinnati.

3. The rates to the Ohio River crossings from Louisiana
78 east of the Mississippi and Mississippi and part of Alabama and from Louisiana west of the Mississippi and Arkansas at the date of the advance of 2 cents, April 15, 1903, and as increased by that advance, were as shown below:

From—	To—			
	Cairo.	Evansville.	Louisville.	Cincinnati.
Arkansas.....	16 cts.	23 cts.	27 cts.	27 cts.
Louisiana, Mississippi, and Alabama.....	16 cts.	22 cts.	21 cts.	23 cts.

(NOTE.—The rate (16 cents) from Texas points to Cairo in force at date of advance has been restored.)

Peoria, Indianapolis and Columbus are fairly representative points or markets for lumber in Ohio, Indiana and Illinois. The total through rates via Ohio River crossings to those points and to Chicago at the date of the advance and as increased by the advance, were as follows:

To—	Rates in force at date of advance.	Rates as increased by advance.
Peoria.....	23 cents.	25 cents.
Indianapolis.....	24 "	26 "
Columbus.....	27 "	29 "
Chicago.....	24 "	26 "

As before stated, the roads north of the Ohio charge their full local rates from the Ohio River to the lumber markets in Central Freight Association Territory as their proportions of the through rates.

There are divisions of the rates south of Ohio between what are termed the "originating roads" on which the lumber is principally manufactured and the roads intermediate between those originating roads and the Ohio River. The principal originating roads named in the testimony are the Gulf & Ship Island road, extending from Gulf Port on the Gulf of Mexico to Jackson, Miss., and the New Orleans & Northeastern road extending from New Orleans to Meridian, Miss. The Illinois Central road connects with the Gulf & Ship Island road at Jackson and on lumber received from the Gulf & Ship Island road at that point the Illinois Central allows that road a division of 7 cents out of the rate to the Ohio River. This allowance commenced in 1899 and by contract between the roads
79 is to continue 10 years. At Meridian the Mobile & Ohio road connects with the New Orleans & Northeastern and on lumber received from that road allows it 6 cents out of the rate to the Ohio. The Alabama Great Southern road and its connections also pay at Meridian to the originating road a division of 6 cents.

4. The divisions allowed the originating roads are large in proportion to the length of the hauls made by them and in proportion to the balances of the rates left for the intermediate roads. For example, the average distance from lumber manufacturing points on the Gulf & Ship Island road to Jackson is 80 miles. At 7 cents a hundred pounds for a haul of this length, the rate per ton per mile is 1.75 cents or 17½ mills.

Out of the balance of the 16 cent rate to Cairo, to wit, 9 cents

left the Illinois Central road for the haul from Jackson to Cairo, a distance of 366 miles, comes the bridge toll of 2 cents at Cairo, leaving a net rate of 7 cents, which amounts to 3.8 mills per ton per mile.

While the rate per ton per mile yielded by the proportions of the through rates received by the intermediate roads is small, the rate per ton per mile under the total rate to the Ohio, *which the shipper has to pay*, is materially larger. For illustration, taking 80 miles as the average distance from lumber shipping points on the Gulf & Ship Island road to Jackson and the distance from Jackson to Cairo as 366 miles, there is a total of 446 miles, and for this distance the total rate of 16 cents yields a rate per ton per mile of 7.17 mills.

The short line distances from the two representative lumber shipping points, Hattiesburg, Miss., on the New Orleans & Northeastern road, and McComb City, Miss., on the Illinois Central road to Ohio River points, the total rates to those points as advanced and rates per ton per mile, are as shown in the following table:

	From Hattiesburg.			From McComb City.		
To	Miles.	Rates.	Rates per ton per mile.	Miles.	Rates.	Rates per ton per mile.
Cairo.....	432	16 cts.	7.4 mills.	444	16 cts.	7.2 mills.
Evansville...	578	22 "	7.6 "	584	22 "	7.5 "
Louisville...	622	21 "	6.7 "	643	21 "	6.5 "
Cincinnati...	709	23 "	6.4 "	757	23 "	6. "

80 Under the rates in force at the time of the advance, April 15, 1903, to wit, 14 cts. to Cairo, 20 cts. to Evansville, 19 cts. to Louisville and 21 cts. to Cincinnati, the rates per ton per mile were as follows:

To	From Hattiesburg. Rates per ton per mile.	From McComb City. Rates per ton per mile.
Cairo.....	6.4 mills.	6.3 mills.
Evansville.....	6.9 "	6.8 "
Louisville.....	6.1 "	5.9 "
Cincinnati.....	5.9 "	5.5 "

The average of the above rates from Hattiesburg is 6.3 mills per ton per mile and from McComb City 6.1 mills.

Lumber consigned via the Ohio River crossings to interior points north of the River is not always shipped by the short lines, but the rates to such interior points are, as before stated, the lowest combination of the rates to the Ohio plus the rates beyond. The advanced rates per ton per mile by the shortest available lines from representative shipping points in Alabama, Mississippi and that part of Louisiana east of the Mississippi River, to Peoria, Indianapolis, Columbus and Chicago, are as follows:

To	
Peoria	6.45 mills.
Indianapolis	6.77 "
Columbus	6.25 "
Chicago	6.07 "
Average	6.38 "

Lumber is a low class traffic (class 6 under both the Southern and Official Classifications), much below the average classification, but the average rate per ton per mile on lumber originating on the Illinois Central road in 1903 was greater than the average, 5.91 mills, on all traffic. The lumber rates per ton per mile involved in this case are higher than those between numerous other points.

5. There have been from time to time changes or fluctuations in the rate. Prior to 1894 the roads west of the Mississippi claimed and were allowed a differential of 2 cents which necessarily
81 resulted in placing at a disadvantage in the common markets the shippers east of the Mississippi. In order to do away with this, a readjustment of their rates was made by the defendants east of the Mississippi and on May 1, 1894, the rate to Cairo from east of the Mississippi was reduced to 13 cents per hundred pounds, the latter being the rate in force from west of the Mississippi. The shippers from the two territories were thus placed on an equality so far as the *published* rates were concerned. The rate to Cairo remained 13 cents per hundred pounds up to September 9, 1899, a period of about 5 years, when it was advanced to 14 cents. It remained 14 cents from September 9, 1899, until April 15, 1903, nearly 4 years, when the advance of 2 cents complained of in this case was made, thereby increasing the Cairo rate to 16 cents. The rate to the other Ohio River points, Evansville, Louisville and Cincinnati, being, as above stated, based upon the Cairo rate, these changes in the rates to Cairo resulted in corresponding changes in the rates to those points.

6. Mills for the manufacture of lumber are located for the most part on railway lines where they traverse the lumber producing districts. Until the lumber near the mills is cut, the logs are hauled to the mills by teams. When this becomes impracticable, railways built into the timber are used. These railways are called "logging roads." The railway lines west of the Mississippi make a certain allowance to the mill owners for the transportation of the logs over these logging roads to the mills. This is called a "tap line allowance or division." This tap line allowance ranges from 1 and 2 cents per hundred pounds up to as high as 6 cents, and varies to some extent according to the destination of the traffic.

The mills east of the Mississippi located on the lines of defendants have logging roads as well as those west of the Mississippi. The defendants, as a rule, however, make no tap line allowances to those mills. The only exception is the Mobile & Ohio road which does grant such allowance to about four mills located on its line. The New Orleans & Northeastern road has from time to time, beginning

with June 28, 1897, put in a tap line allowance of 2 cents per hundred pounds, but the other roads east of the Mississippi ob-
82 jected and those allowances were withdrawn. There does not appear to be any reason for the allowance of tap line divisions west of the Mississippi which does not apply east of the Mississippi.

The tap line allowance which is paid by the roads west of the Mississippi amounts to a rebate or reduction from the regularly published rate and gives an advantage to the mills west of the Mississippi over those east of the Mississippi, although the published rates from both are the same.

7. The first lumber business east of the Mississippi following the civil war was local. Little, if any, lumber was shipped north of the Ohio River. The manufacture of lumber was then largely for the rebuilding of dwellings and towns which had been destroyed during the progress of the war. There was next the local demand of the railroads for structural and other lumber used by them. In 1875 lumber began to move north of the Ohio and the tonnage of the lumber traffic hauled by the roads has greatly and almost continuously increased from that time to the present. In 1877 and 1878 the demand for lumber north of the Ohio River was greater than the mills could supply and the price was advanced.

The shipments from points on the Louisville & Nashville road in Florida and Alabama to Ohio River points and beyond increased from 2540 cars in 1888 to 7011 cars in 1902 and 6502 cars for the nine months in 1903 ended September 30th.

The shipments in 1903, on April 15 of which year the advance of 2 cents in the rate was made, were largely greater than those of the preceding year, 1902. The shipments to points without the State of Mississippi from the mills of Eastman, Gardiner & Co. (one of complainant's members), at Laurel, Mississippi, on the Southern Railway and at the terminus of the Laurel Branch of the Gulf & Ship Island Railroad, increased from 2712 carloads in 1890 to 3530 in 1903, a gain of 818 carloads.

The movement of lumber via the Southern Railway from points in Florida, Georgia, Alabama and Mississippi and East Louisiana to points on and north of the Ohio River for the 10 months ending October 31, 1902, was 8027 cars, and for the corresponding
83 period of 1903, 9743 cars, an increase of 1716 cars or 21.3 per cent. The increase for the first quarter of 1903 preceding the advance in the rate was 29.5 per cent. and for the remainder of the year following the advance was 18.2 per cent.

For the first 10 months of 1902, there was moved over the New Orleans & Northeastern Railway (part of the Southern Railway system extending from New Orleans through part of east Louisiana and Mississippi to Meridian) 5067 cars of lumber and for the corresponding period for the year 1903, 6039 cars.

The movement of lumber from Alabama, Florida, Georgia, Louisiana and Mississippi through Cairo and Mounds, Illinois, was in 1902, 18,269 cars and during 1903, 20,540 cars, an increase of 2271 cars.

8. The total lumber shipped from Mississippi and that part of

Louisiana east of the Mississippi River is approximately 12,300 cars per month or 147,600 cars per annum. Of this 118,000 cars per annum are shipped to interior points and the balance to the seacoast for export. The estimate is that expressed in feet; the shipments to the interior amount to about 1,500,000,000 feet.

There is a rich pine region in Alabama between Montgomery and Mobile and a large number of lumber mills, and also mills in Florida and Georgia, but the testimony does not show the total shipments from these mills.

The capital invested in the lumber business exclusive of the lumber in Mississippi, East Louisiana and Alabama is estimated at $5,000,000 and the total annual value of the lumber product at about $16,000,000.

9. The advance of 2 cents per hundred pounds amounts on the aggregate output of the lumber mills to a materially large sum. The average loading per car of 404 cars of lumber shipped from the mills of Eastman, Gardiner & Co., (Laurel, Miss.) during the month of June, 1903, was 43,538 pounds. On this carload the advance is something over $8.70, and on the 404 cars, over $3,514.80. On the
118,000 cars (with the same average carload applied) shipped
84 annually to inferior points from Mississippi and East Louisiana, the aggregate increase in rate would be $1,026,600.

The weight of lumber depends upon whether it is green or dried, rough or manufactured, and also, upon its dimensions. The testimony in this and other cases indicates that the average weight per 1000 feet is approximately 3300 pounds. The advance of 2 cents per 100 pounds on 1,000 feet of this average weight is 66 cents, and on 1,500,000,000 feet, the estimated amount of lumber expressed in feet, shipped from Mississippi and East Louisiana to the interior, it would be $990,000.

If shipments from the lumber districts west of the Mississippi and from those in Alabama, Georgia and Florida be included, the aggregate amount resulting from the advance will, of course, be very much larger.

10. The prices of grades A, B and C, yellow pine lumber, consisting, respectively, of 1st and 2nd flooring (A), common flooring (B) and dimension stuff and timber under 12″ x 12″–30″ (C), in the *Chicago market*, January 1, 1892, and September 30, 1903, were as follows:

Grade.	Prices, January, 1892.	Prices, Sept., 1903.
A.....	$21.00 to $22.00	$21.00 to $22.00
B.....	$15.00 to $16.00	$18.50 to $19.50
C.....	$21.50 to $23.50	$19.50 to $22.00

During the period from January, 1892, to September, 1903, there were many variations in the *Chicago* prices. They appear to have been lowest from 1895 to 1899, both inclusive. The prices for the first quarter of each of those years were as follows:

Grade.	1895.	1896.	1897.	1898.	1899.
A...	$14.00	$16.00–$16.50	$12.00	$14.00	$15.00–$15.50
B...	$11.00–$11.50	$13.00–$14.00	$10.00	$12.00	$12.50–$13.00
C...	$16.50–$17.00	$15.75–$17.00	$16.50	$18.00	$15.00–$17.00

Prices from 1899 to and including September 30, 1903, were as follows:

Grade.	1900. First quarter.	1901. First quarter.	1902. First quarter.	1903. Third quarter ending Sept. 30.
A...	$21.25–$22.25	$19.00–$20.00	$22.50–$23.50	$21.00–$22.00
B...	$18.25–$18.75	$16.50–$17.00	$18.50–$19.50	$18.55–$19.50
C...	$18.75–$21.25	$18.50–$21.00	$19.50–$22.00	$19.50–$22.00

85 While the prices in the *St. Louis market* on the different grades and dimensions of lumber fluctuated during the period from January 15, 1900, to April 1, 1903, they were not materially different at those dates. In some instances they were somewhat higher in April, 1903, than in January, 1900, in others lower and in others the same. For example:

	Jan. 15, 1900.	April, 1903.
Flooring Edge Grain A	$26.25	$27.25
" " " B	$24.75	$24.75
" Flat " A	$20.75	$20.25
" " " B	$19.75	$19.25
" No. 1 Common	$17.75	$16.25
" No. 2 "	$15.25	$12.25
Partition A	$22.50	$21.75
Bevel Siding A	$15.25	$14.00
Common Boards	$17.50	$18.00
Fencing	$16.50	$16.00
Heavy Joists	$17.00	$17.50

The average prices of the lumber sold at the mills of the Gary-Fatherree Lumber Company of Perry, Miss., the J. J. Newman Lumber Company of Hattiesburg, Miss., and the J. E. North Lumber Company of Bond, Miss., were for the periods named, as follows:

Gary-Fatherree Lumber Co.

From April to December 31, 1900	$12.24
For the year, 1901	$10.45
For the year, 1902	$10.97
From Jan. 1 to Oct. 31, 1903	$12.54

J. J. Newman Company.

For the year, 1900	$10.89
For the year, 1901	$10.36
For the year, 1902	$11.20
For the ten months ending Oct. 31, 1903	$10.54

As before stated (Finding 10, *supra*) the average market and mill prices of lumber do not appear to have materially changed from 1900 to 1903. The mill prices paid for stringers and bridge ties by the New Orleans & Northeastern Road were the same for both the years, 1902 and 1903, being $15 for stringers and $11.50 for ties, and for guide rails the price in 1902 was $11.00 and in 1903, $12.00 the increase being only in guide rails.

The aggregate amounts paid annually for locomotives, box, flat and coal cars, have increased and also their prices. The aggregate increase is due largely, if not mainly, to the increase in the number bought and the advance in price is due principally
89 to the finer quality and greater capacity of the equipment used.

There has been a material increase in the total amount of wages paid employees, including engineers, firemen, brakemen, switchmen, trackmen, etc., from 1898 to 1903, which is also attributable to the increase in the number of such employees as well as to an advance in their wages.

The wages of the *employees of the mill companies* have also grown higher and the prices of the supplies required in the manufacture of lumber have advanced. These supplies are to a material extent the same as those used by the railways such, for example, as rails, ties, etc., for the logging roads. It is estimated that during the two years, 1902 and 1903, the cost of the manufacture of lumber increased about 10 per cent.

14. The operating expenses of the carriers have constantly grown larger, but the total annual increases in operating expenses are due mainly, to the constant growth or enlargement of the business of the roads. This growth in business has resulted from the larger mileage operated, the development and increased prosperity of the country traversed by the roads and from advancement in methods of operation and additions to and improvements in equipment of all kinds. The business of the roads, or the tonnage of traffic transported by them, not only in the item of lumber as heretofore shown, but also in traffic generally, has grown to a most material extent.

While operating expenses have increased for the reasons named there has also been a constant increase in gross earnings to such an extent that there has been a resultant increase in net earnings.

The following table, the items of which are taken from the reports of the defendants to the Commission, show for the years named as to their respective roads, (1), gross earnings from operation, (2) total operating expenses, (3), percentages of operating expenses to earnings, (4), net earnings, (5), net earnings per mile of road, (6) and total mileage operated.

Roads.		Gross earnings from operation.	Total operating expenses.	Percentage of operating expenses to earnings.	Net earnings.	Net earnings per mile of road.	Total mileage operated.
Ill. Cent. R. R. (line south of Cairo, Ill.).	1890	$5,644,115	$3,551,310	62.92	$2,092,805	$2,340	894.41
	1903	16,193,850	10,624,241	65.61	5,569,609	4,051	1,374.71
Increase		$10,549,735	$6,072,931	2.69	$3,476,804	$1,711	480.30
L. & N. R. R. Co. (line south of Ohio river).	1890	$11,841,865	$6,892,145	58 20	$4,949,720	$3,687	1,342.48
	1903	33,334,612	22,462,486	67 38	10,872,126	3,322	3,273.26
Increase		$21,492,747	$15,570,341	9.18	$5,922,406	.....	1,930.78
Southern Ry Co. (line in Va. and Carolinas).	1895	$9,099,403	$5,868,651	64.50	$3,230,752	$1,474	2,191.63
	1903	20,803,851	13,833,223	66.49	6,970,628	1,986	3,510.65
Increase		$11,704,448	$7,964,572	1.99	$3,739,876	$512	1,319.02
Southern Ry. Co. (line W. of Va. and Carolinas).	1895	$7,785,647	$5,428,393	69.73	$2,357,254	$1,071	2,200.31
	1903	19,072,994	13,984,134	73.32	5,088,860	1,570	3,248.45
Increase		$11,287,347	$8,555,741	3 59	$2,731,606	$499	1,048.14
C., N. O. & T. P. Ry. Co.	1890	$4,301,515	$2,631,076	61.17	$1,670,439	$4,938	338.26
	1903	6,153,580	4,431,571	72.02	1,722,009	5,099	337.73
Increase		$1,852,065	$1,800,495	10.85	$51,570	$161	.....

Roads.		Gross earnings from operation.	Total operating expenses.	Percentage of operating expenses to earnings.	Net earnings.	Net earnings per mile of road.	Total mileage operated.
Alabama Great Southern R. R. Co.	1890	$1,961,247	$1,268,235	64.66	$693,012	$2,345	331.32
	1903	2,670,646	1,900,748	71.17	769,898	2,488	309.41
Increase		$709,399	$632,513	6.51	$76,886	$143	.....
N. O. & N. E. R. R. Co.	1890	$1,219,133	$851,854	69.87	$367,279	$1,875	195.90
	1903	2,273,617	1,592,005	70.02	681,612	3,479	195.90
Increase		$1,054,484	$740,151	0.15	$314,333	$1,604	.....
Mobile & Ohio R. R. Co.	1890	$2,937,645	$2,016,443	68.65	$921,202	$1,340	687.60
	1903	6,836,629	5,077,311	74.27	1,759,318	2,013	874.12
Increase		$3,898,984	$3,060,868	5.62	$838,116	$673	186.52
Alabama & Vicksburg Ry. Co.	1890	$676,449	$476,334	70.42	$200,115	$1,396	143.39
	1903	1,149,039	818,966	71.27	330,073	2,312	142.78
Increase		$472,590	$342,632	.85	$129,958	$916	.....
Gulf & Ship Island R. R. Co.	1897	$63,209	$41,011	64.88	$22,198	$317	74.75
	1903	1,705,047	1,051,687	61.68	653,360	2,603	251.00
Increase		$1,641,838	1,010,676	.....	$631,162	$2,286	176.25

92 In the "total operating expenses" in the above table are included expenditures which result in the permanent improvement or betterment of the property of the roads, such as, expenditures for right of way and station grounds, real estate, grading, tunnels, bridges, trestles and culverts, rails, ties, crossings and cattle guards, telegraph lines, station buildings and fixtures, shops, round houses, turntables, water stations, fuel stations, grain elevators, storage-warehouses, docks and wharves, electric light plants and electric motive power plants, gas making plants, and miscellaneous structures. There are also included expenditures for equipment in the way of locomotives and cars of all kinds.

In the following table are shown for the years ended June 30, 1901, 1902 and 1903, expenditures by the roads named for permanent improvements or betterments and also for locomotive and car equipment, which expenditures are included in "total operating expenses." The expenditures for the former are under heading "on account of construction" and for the latter under the heading, "on account of equipment."

93 *Statement of Expenditures "Included in Operating Expenses," on Account of Construction and Equipment, from Annual Reports of the Railway Companies Named for the Years* 1901, 1902, *and* 1903.

Name of road.	Year ending June 30—					
	1901.		1902.		1903.	
	On account of construction.	On account of equipment.	On account of construction.	On account of equipment.	On account of construction.	On account of equipment.
Southern Railway	.....	.....	.....	.....	$493,358	$1,350,328
Louisville & Nashville R. R.	$1,218,273	$313,525	$1,060,887	$428,220	1,482,550	518,820
Cincinnati, New Orleans & Texas Pacific Ry.	355,356	.....	202,674	.....	401,959	.....
Alabama Great Southern R. R.	.....	.....	18,130	.....	113,037	.....
New Orleans & Northeastern R. R.	85,480	40,611	73,154	81,912	196,380	75,858
Alabama & Vicksburg Ry	74,609	72,971	97,669	45,168	73,574	87,546

94 15. While the 13 cent rate to Cairo was in force from 1894 to 1899, the testimony is that it yielded a profit to the carriers. The same is true as to the 14 cent rate in force from 1899 to the date of the advance, April 15, 1903. This rate of 14 cents appears to be reasonably high when compared with the rates on other kinds of lumber and on yellow pine lumber from other points and when compared with the rates on other commodities which are at all analogous to lumber in respect to value, volume, and the various circumstances and conditions affecting the transportation of traffic.

From 1894 to 1899, under the 13 cent rate, and from 1899 to 1903, under the 14 cent rate, there was a steady annual growth in net earnings of the defendants, with the exception of the Cincinnati, New Orleans & Texas Pacific Railway Company. The net earnings at the beginning and conclusion of each of those periods are shown below:

Net Earnings under 13 Cent Rate.

Roads.	1895.	1899.
Southern Ry. Co.	$5,558,00€	$8,853,160
Illinois Central R. R. Co.	6,762,382	9,911,408
Louisville & Nashville R. R. Co.	7,052,156	8,250,275
Cincinnati, New Orleans & Texas Pacific Ry. Co.	1,104,591	1,758,931
Alabama Great Southern R. R. Co.	580,075	642,285
New Orleans & Northeastern R. R. Co.	278,098	439,150
Mobile & Ohio R. R. Co.	1,009,393	1,182,238
Alabama & Vicksburg Ry. Co.	151,871	216,154
Gulf & Ship Island R. R. Co.	[1]22,198	110,563

[1] 1897.

Net Earnings under 14 Cent Rate.

Roads.	1899.	1902.
Southern Ry. Co.	$8,853,160	$12,076,229
Illinois Central R. R. Co.	9,911,408	14,572,907
Louisville & Nashville R. R. Co.	8,250,275	9,851,946
Cincinnati, New Orleans & Texas Pacific Ry. Co.	1,758,931	[1]1,636,797
Alabama Great Southern R. R. Co.	642,285	798,771
New Orleans & Northeastern R. R. Co.	439,150	592,128
Mobile & Ohio R. R. Co.	1,182,238	1,625,019
Alabama & Vicksburg Ry. Co.	216,154	278,956
Gulf & Ship Island R. R. Co.	110,563	452,855

[1] Decrease.

NOTE.—Up to September 9, 1899, the earnings were under the 13 cent rate.

95 16. A large amount of testimony, much of it conflicting, has been introduced in behalf of both the complainant and defendants in relation to the financial history and transactions of the defendants, their capitalization, funded debts, cost of construction, &c., but this testimony does not satisfactorily show either the total cost of construction or the present value of the roads and their property used for the convenience of the public.

The financial condition of the roads appears to have steadily improved for a large number of years up to and including the year 1903, in which the advance complained of was made. The roads were prosperous at the date of and for years prior to the advance; they were doing a largely increased business with, it is true, a largely increased expense, but there was, as a rule with no material exceptions, a constant increase from year to year in *net* earnings. The annual reports of the defendants to the Commission show that dividends have been declared by them, as follows:

The Southern Railway Company has declared dividends for each year from 1897 to 1903, both inclusive, ranging from $543,000, 1 per cent. on $54,300,000 of preferred stock, in 1897, up to $4,500,000, 7½ per cent. on $60,000,000 of preferred stock, in 1903;

The Illinois Central Railroad has declared dividends for each year from 1888 to 1903, both inclusive, the dividend in 1888 amounting to $2,450,000, and being 3½ per cent. on $30,000,000 and 3½ per cent. on $40,000,000 of common stock, and in 1903, $5,702,400, 6 per cent. on $95,040,000 of common stock;

The Louisville & Nashville Railroad Company has declared dividends for each year from 1899 to 1903, both inclusive, ranging from $1,848,000, about 3.50 per cent. on $54,911,520 of common stock in 1899, up to $3,000,000, 5 per cent. on $60,000,000 of common stock, in 1903;

The Alabama & Vicksburg Railway Company has declared dividends for each year from 1897 to 1903, both inclusive, ranging from $21,000, 3 per cent. on $700,000 of common stock, in 1887, up to $63,000, 6 per cent. on $1,050,000 of common stock, in 1903;

96 The Alabama Great Southern Railroad Company has declared dividends for each year from 1896 to 1903, both inclusive, ranging from $190,571, 5.64 per cent. on $3,380,350 of preferred stock, in 1896, up to $309,061, 9.15 per cent. on $3,380,350 of preferred stock, in 1903;

The Cincinnati, New Orleans & Texas Pacific Railway Company has declared a dividend for the year 1903, the dividend being $100,000, 5 per cent. on $2,000,000 of preferred stock;

In 1903, the Mobile & Ohio Railroad Company declared a dividend of $107,412, 2 per cent. on $5,370,600 of common stock;

In 1903, the Gulf & Ship Island Railroad Company declared a dividend of $100,000, 2 per cent. on $5,000,000 of common stock.

All of the defendants, which, as above stated, have declared dividends, also report large surpluses earned in addition to such dividends.

The New Orleans & Northeastern Railroad Company appears to

have declared no dividends, but reports a growing (with the exception of 1901) surplus for each year from 1900 to 1903, both inclusive, to wit, in 1900, $139,411; in 1901, $90,547; in 1902, $193,045; in 1903, $253,809.

17. The car equipment and yard and shop facilities of the roads were not sufficient to handle with dispatch the large increase in the volume of the lumber traffic and traffic generally during 1902 and the Spring of 1903. The net results to the carriers could have been much improved if the transportation had not been under congested conditions. The congestion was principally at junction points and terminal points. It was greatest at Meridian and Jackson, and involved loss not only to the carrier but to the lumber shipper as well. This condition was not confined to the lumber business or lumber districts but affected traffic generally throughout the country. Notwithstanding the congestion, the gross and net earnings of the roads continued to increase and were very large during the time it prevailed.

The freight transportation equipments and facilities of the roads have now been greatly improved both in quality and quantity,
97 and also their roadbeds and physical conditions generally. While the money thus spent has been added to operating expenses, the improvements made have not only increased the earning capacity of the roads and consequently their earnings but have also lessened the cost of operation. The testimony of witnesses for the roads is that a decrease in the rates on traffic in general has been "going on throughout the United States" since the improvements in transportation have been put in operation.

18. No special equipment in the way of cars is furnished or required for hauling lumber. It may be moved in open or flat cars, gondola cars or box cars, which are also used in handling other traffic. Open or flat cars and gondolas are used mostly for undressed or rough lumber and for lumber which is too long to be placed in box cars. The box cars are used for the dressed and better classes of lumber. These better classes of lumber would not be loaded in an open, flat or gondola car except in an emergency or unless it was too long for box cars. On the Mobile & Ohio road it is said that 65 per cent. of the cars used in transporting lumber are flat or open cars, while on the other roads only about from 15 to 30 per cent. of the cars used are flat or open. During the month of March, 1903, said to be a fairly representative month, the total number of lumber cars shipped over the Louisville & Nashville road from Alabama was 649, of which 519, or 80 per cent., were box cars, and the remaining 130, about 20 per cent., were flat and gondola cars. The difference in this respect between the Mobile & Ohio road and the other roads is said to be because the lumber manufactured on the line of the Mobile & Ohio road is not of as high a grade as that on the other roads.

It costs somewhat less and is easier to load with lumber an open than a box car, but the rates on the open cars, while now the same, were formerly higher than on box cars; having been at one time 7 cents higher and afterwards 3 cents. This difference in rates is

stated to have been made because box cars are more adapted to other freight besides lumber than are open cars and fewer of the former, therefore, return empty. A large proportion of the box cars
98 come south loaded with grain and merchandise. The gondolas are used by the roads to a large extent in hauling coal south, but, for the most part, the open or flat cars return empty. The testimony does not show definitely the proportion of cars used in shipping lumber which return empty.

It is necessary that open or flat cars of lumber be equipped with standards, braces and supports, for the purpose of protecting the load and the train, and this equipment is required to be furnished and attached to the car by the shipper. The witnesses for complainant and for defendants vary widely as to the cost of this equipment. Where the Master Car Builders' Association rules as to the nature of the equipment and character of lumber to be used, are complied with, the cost per car, including value of lumber, labor, nails, and freight on weight of equipment, is about $3.50. The standards and other equipment have to be removed at the end of the trip and it is necessary that the shipper attach new equipment for each shipment. This equipment is not necessary where box cars are used. There are similar requirements as to the equipment of open or flat cars used in shipping other commodities which are shipped in those cars, such as structural material, carriages and machinery.

19. Cars transporting lumber are not, as a rule, loaded to their capacity. The greater the proportion of open cars used, the larger is the percentage of loading to the stenciled or marked capacity, because on those cars there is nothing in the way of a box to limit the amount of lumber that can be put upon them. The box cars that are furnished for the movement of lumber are built primarily to handle grain and merchandise and cannot be loaded with lumber to their full capacity unless the lumber is cut of such length as to occupy all the cubical space. The loading more nearly approximates the capacity of the car in case of green than of dry lumber.

The average capacity of 404 cars shipped during June, 1903, from the mills of Eastman, Gardiner & Company (Laurel, Miss.) was 58,767 pounds per car, and the average loading was 43,538 pounds per car, 74.1 per cent. of the loading capacity.

The average capacity of 649 cars shipped over the Louisville & Nashville road from Alabama during March, 1903, was
99 61,225 pounds per car and the average loading was 42,592 pounds, 69.6 per cent. of the loading capacity.

The average capacity of 51 cars shipped during December, 1902, from Fernwood, Miss., was 57,909 pounds per car and the average loading 49,411 pounds, 85 per cent. of the loading capacity.

The average capacity of 25 cars shipped in 1903, via Illinois Central road, to Niagara was 68,400 pounds and the average loading 53,133 pounds, 77.6 per cent. of the loading capacity.

The average capacity of 41 cars shipped via the Illinois Central road in the years 1891-3 was 43,660 pounds per car and the average loading was 32,719, 75 per cent. of the loading capacity.

In the case of green lumber the loading in open cars is sometimes larger than the stenciled capacity of the car. For example, the average loading capacity of 20 open cars shipped from Fernwood, Miss., from March 17 to April 14, 1903, was 74,500 pounds per car and the average loading was 76,320 pounds, being 102 per cent. of the loading capacity.

The following table gives the car capacity and actual loading of certain commodities named therein, other than yellow pine lumber:

	No. of cars.	Loading. (Pounds.)	Car capacity. (Pounds.)	Loading percentage of car capacity.
Cypress lumber	17	595,100	738,000	81.11
Oak lumber	8	384,450	490,000	78.47
Cypress shingles	17	716,600	1,060,000	67.75
Sash weights	6	253,868	400,000	63.38
Window glass	9	433,800	610,000	71.00
Cement	20	780,750	1,170,000	66.70
Lime	15	379,400	846,000	44.8
Fertilizer	27	1,089,200	1,630,000	66.79
Cotton seed meal	8	250,000	450,000	55.00
Cotton seed hulls	38	1,047,400	2,228,000	47.00
Live stock	6	138,240	340,000	40.60
Furniture	3	39,800	180,000	22.11
Coal	4	241,700	270,000	89.50
	178	6,350,308	10,412,000	.....

The above shipments were for the most part over the roads of defendants in 1903.

100 Lumber shippers make requisitions for cars of certain capacities in order to meet the different orders which are made upon them. When, because of scarcity of equipment, they have not a car of the capacity ordered, the carriers frequently furnish a car of greater capacity. This necessitates underloading on the part of the shipper. For example, a requisition is made for a car of 40,000 pounds capacity to fill an order for that amount of lumber and a 60,000 pounds car is furnished.

20. The tonnage of lumber hauled by the defendants and other roads throughout the United States is very large in proportion to that of other commodities of general use and necessity. From the table below, made up from reports of the roads to the Commission, it appears that the tonnage of lumber transported during the year 1901 was greater than that of all the commodities named therein except bituminous and anthracite coal, and during 1902 and 1903 greater than that of all except bituminous coal.

Item.	1901. Total freight tonnage, originating on road and received from connections. (Tons.)	1902. Total freight tonnage, originating on road and received from connections. (Tons.)	1903. Total freight tonnage, originating on road and received from connections. (Tons.)
Grain	60,252,712	52,257,455	60,484,068
Fruit and vegetables	14,508,551	14,501,908	17,033,868
Live stock	15,967,146	15,477,500	16,460,788
Packing-house products	10,965,039	10,506,670	10,520,098
Anthracite coal	97,472,509	83,720,175	68,350,635
Bituminous coal	225,965,320	255,792,615	289,173,392
Agricultural implements	2,067,739	2,445,955	2,400,600
Household goods and furniture	2,271,990	2,661,909	2,961,648
Cement, brick and lime	24,647,929	28,815,418	33,351,274
Iron, pig and bloom	27,798,053	28,520,310	32,017,786
Iron and Steel rails	7,479,839	10,101,691	10,700,602
Merchandise	43,468,315	47,015,216	55,898,707
Lumber	78,729,780	88,653,853	97,846,984

Lumber is a constant business for the roads throughout the year; it is loaded by the shipper and unloaded by the consignee; it is not perishable traffic, and, therefore, does not require rapidity of movement; there is little or no risk incident to its carriage and in case of accident the damage is insignificant.

101

Conclusions.

1. The question in this case is whether the advance of 2 cents in the rate, effective April 15, 1903, and made applicable south of the Ohio, was justifiable. Prior to the advance, from September 9, 1899, to the date of the advance, nearly four years, the rate to Cairo had been 14 cents and the advance complained of raised it to 16 cents. From September 9, 1899, back to May 1, 1894, a period of five years and four months, the rate had been 13 cents, 3 cents less than the advanced rate. When carriers advance a rate which has been for some time in force, the burden of proof is upon them to show sufficient grounds for such advance. (Holmes *v.* Southern Ry. Co. 8 I. C. C. R. 568.) The defendants, recognizing this, seek to justify the advance, first, on the ground that the yellow pine industry was enjoying great prosperity, "that" (in the language of their answer) "profits heretofore and now derived from the mills * * * are unusual and excessively large," and that they (the defendants) had a right to participate in this alleged prosperity.

It is true the lumber business has grown from its inception and was at the date of the advance larger and possibly more prosperous than it had been, but the proof does not show that for the two or three years preceding the advance the prices of the mill products had been materially increased or that the profits realized on the business were "unusual or excessively large." Conceding, however, for argument's sake, that the lumber business had at the date of the advance

become phenomenally prosperous and remunerative, this could not justify an advance of a rate already reasonably high.

The test of the reasonableness of a rate is not the amount of the profit in the business of a shipper or manufacturer, but whether the rate yields a reasonable compensation for the service rendered. If the prosperity of the manufacturer is to have a controlling
102 influence, this would justify a higher rate on the traffic of the prosperous manufacturer than on that of one less prosperous. The right to participate in the prosperity of a shipper *by raising rates* is simply a license to the carrier to appropriate that prosperity or, in other words, to transfer the shipper's legitimate profit in his business from the shipper to the carrier. The increased prosperity of shippers along the line of a railway enlarges the business of those shippers and, as a consequence, both the tonnage of traffic which they receive in their business and which they ship to their customers. In this way the carrier necessarily and justly participates in, or is benefited by, the prosperity of the shipper. This appears to be the case with these defendants as the tonnage of lumber shipped by complainant's members over defendant's lines and the revenue of defendants therefrom have constantly grown in amount.

The question as to the right of a carrier to participate in the prosperity of its patrons was presented to this Commission in "*In re* Proposed Advances in Freight Rates," 9 I. C. C. R. 405, and in discussing it, we said:

"Carriers insist that inasmuch as the prices of articles transported have advanced the rate ought also to advance; otherwise expressed that they should share in the general prosperity.

"While within the last four years the prices of nearly all commodities of general consumption have materially risen, the freight rate has not advanced to a corresponding extent. If therefore that rate is to be treated as an article of merchandise, it is difficult to see why the position of the carriers is not well taken. It is not, however, properly so regarded. Transportation by rail is a service of a quasi-public nature, not to be sold to the highest bidder, nor subject to the laws of supply and demand. This sufficiently appears from the provisions of the Act regulating commerce, which requires the same rate to be charged all persons and enjoins the publication of that rate."

2. In the next place, it is claimed in justification of the advance in the rate that it was rendered necessary by increases in the operating expenses of the defendants resulting from higher wages paid their employees and higher prices of the material and equipment used by them. The proof shows increases in wages and in
103 prices of material and equipment but not in a marked degree for the two years, 1901 and 1902, immediately preceding the advance in rate. These increases have doubtless added materially to operating expenses, but the total annual increases in those expenses are, of course, due only in part to the advances in wages and prices of supplies and equipment. They are attributable in a great measure to the constant growth or enlargement of the business

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which is "employed for the public convenience"—a question, the determination of which, as we have shown, can have only a very remote, if any practical, bearing on the reasonableness of a rate on a single article of traffic. On the other hand, where the rate on a single article is in issue, the question (which could not arise in the former case), whether the rate is unjustly discriminatory or unduly preferential, may be presented, and the reasonableness of the rate depends upon the value, volume and other characteristics affecting the transportation of the particular commodity to which it is applied. There are many things disclosed by the evidence and set forth in our "Findings of Facts," which bear directly upon the reasonableness of the particular rate in question in this case (and not upon the rates as a whole of the defendants) and which aid us in arriving at a correct judgment in respect thereto.

5. In the first place, the present advanced rate is the last (up to date) of a series of advances and was made by joint or concerted action of the carriers. It is claimed by them that in advancing the rate, they acted independently, each for itself, but the proof shows conclusively that the advance was the outcome of a concert of action and a previous understanding between the companies. Through their authorized official representatives they conferred with each other repeatedly as to the making of an advance; recognized the fact that, because of competition in common markets between the lumber producing districts served by them, the advance should be from all those districts or none, and finally they all promulgated the advance to take effect at exactly the same time and for exactly the same amount. This concurrence of action was not only between the railway companies, parties defendant in this case, and in relation to the rates charged by them, but was participated in by the lumber hauling roads serving the territories west as well as east of the Mississippi River.

We deem it unnecessary to express an opinion as to whether this concert of action in fixing the advanced rate amounts to an
107 unlawful agreement under the so-called "Anti-Trust Act" —the enforcement of that act being a matter properly cognizable by the courts. It is clearly, however, within the scope of our authority and duty to consider this joint or concerted action of the defendants in the aspect of its bearing upon the reasonableness and validity of the advanced rate, the result of that action. Where rates are established by concert of action and previous understanding between the carriers, it is manifest, whether or not there be a binding agreement to maintain such rates, that the element of competition is eliminated. Concert of action is wholly inconsistent with competition and, during the time the rates fixed by concert of action are maintained, the effect, so far as competition is concerned, is the same as if there was a binding agreement to maintain such rates.

Competition is favored by the laws. The object of the pooling section (Section 5) of the Interstate Commerce Act is to prevent "any contract, agreement, or combination" between otherwise competing carriers by which competition between them may be done away with. In East Tenn., Va. & Ga. Railway Co. *v.* Interstate

Commerce Commission, it is said, "The Interstate Commerce Law, it is conceded, was intended to encourage normal competition. It forbids pooling for the very purpose of allowing competition to have effect." (99 Fed. Rep. 61). The Supreme Court holds that the suppression of competition is violative of the so-called "Anti-Trust Act," in that, such suppression restrains trade and commerce by "keeping rates and charges higher than they might otherwise be under the laws of competition." (Joint Traffic Association Case, 171 U. S. 569, 571, 577, 43 L. ed. 287, 288, 290, 19 Sup. Ct. Rep. 25; U. S. *v.* Freight Association 166 U. S. 341, 41 L. ed. 1027, 17 Sup. Ct. Rep. 540.)

The ground upon which competition is favored is that it conduces to the reasonableness of rates or to the protection of the public from unreasonably high or excessive rates. In United States *v.* Freight Association, *supra,* the Supreme Court says, "competition will itself bring charges down to what may be reasonable" (166 U. S. 399, 41 L. ed. 1027, 17 Sup. Ct. Rep. 540). The Act to regulate com-
108 merce (section 1), in prohibiting unreasonableness of rates, in effect forbids whatever conduces to such unreasonableness. In any event, it is incumbent upon this Commission, when the reasonableness of rates is in issue before it, to consider how those rates were brought about—whether they are the product of untrammeled competition or the result of a concert of action or combination between the carriers establishing and maintaining them. The advanced rates complained of cannot be claimed to be the outcome of competition, because "the natural, direct and immediate effect of competition is to lower" (177 U. S. 577, 43 L. ed. 290, Sup. Ct. Rep. 25), rather than advance, rates. The advanced rates must be presumed to be higher than rates which unrestrained competition would produce.

6. As we have seen, the 14-cent rate in force at the date of the advance had been maintained nearly four years and a still lower rate, 13 cents, had been maintained for the preceding five years and four months. "The continuance of a given rate is not conclusive evidence of the reasonableness of that rate; but when a railway company advances a rate which has been for some time in force, the fact of its continuance is *in the nature of an admission* against that company which tends to show the unreasonableness of the advance." (Holmes *v.* Southern Ry. Co., *supra.*) In addition to this *quasi* admission, we have the testimony of the officers of the defendants that there was a profit to the defendants in the lumber traffic while the 13-cent rate was in force and also a profit while the 14-cent rate was in force. The defendants in their answer say, "Respondents admit that under previously existing rates lumber was carried at a profit, but respondents aver that it *was not an exceedingly profitable commodity.*" No reason is given or shown why lumber should be singled out as a commodity upon which an "exceedingly" large profit should be earned. A reasonable profit is all the defendants are entitled to and the testimony is far from convincing us that the profit under the 14-cent rate was not reasonable or would not now be reasonable. As stated in our "Findings of Facts," the 14-cent rate appears to be reasonably

high when compared with the rates on other commodities which are at all analogous to lumber in respect to value, volume and
109 the various conditions affecting the service of transportation. During the period from 1894 to 1899, while the 13-cent rate was operative, there were large annual increases in the net earnings of the defendants and the same was the case from 1899 to 1903 while the 14-cent rate was operative (Finding 15). During those periods there was also a large growth in the tonnage of lumber hauled by the defendants and, therefore, their increases in net earnings were in part, at least, derived from the lumber traffic under those rates. Dividends have been declared during those periods and in addition considerable surpluses have been reported (Finding 16) and large sums have been invested in permanent improvements or betterments (Finding 14).

7. The defendants, other than the originating roads, complain of the small amount of revenue or low rate per ton per mile realized by them out of their proportions of the through rates. This is due to the large allowances out of the rates made to the originating roads. (See Findings 3 and 4.) Those allowances commenced under the lower rates in force prior to the advance and raise the presumption that those lower rates minus the allowances were then considered reasonably remunerative for the remainder of the hauls to the Ohio River crossings. As the 2 cents advance goes entirely to the roads continuing the transportation on to the Ohio and none of it to the originating roads, the inference is that advance was made solely with a view of increasing the proportions of the former roads. If the allowances to the originating roads are unreasonably large, as they appear to be from a distance standpoint, and result in unreasonably low proportions to the other roads, this can not be remedied by an advance in the total through rates *charged the public*. It is the total rate, and not its proportions, which is in issue.

8. Although both the net and gross earnings of the defendants have grown from year to year, the percentages of what are reported by the defendants as "operating expenses" to earnings have also somewhat increased (Table, finding 14), and this is urged as showing the necessity for an advance in the lumber and some other rates.
110 It is to be noted, that these operating expenses embrace large annual expenditures for real estate, right of way, tunnels, bridges and other strictly permanent improvements and also for equipment, such as locomotives and cars (Finding 14). While payments for repairs, whether applied to permanent improvements or equipment, are properly chargeable to current annual operating expenses, this would not appear to be the case as to the improvements or equipment themselves—the former being permanent and the latter lasting for many years. The expenditures for permanent improvements and for equipment made in a single year may obviate the necessity for like expenditures or expenditures to the same extent for many years to come and the extraordinary amount of such expenditures made by the defendants in a few years preceding and including the year of the advance in rate indicates that they will not be required again for a long period of time. They should not, there-

fore, be taxed as part of the current or operating expenses of a single year, but should be, so far as practicable and so far as rates exacted from the public are concerned, "projected proportionately over the future." If these large amounts are deducted from the annual operating expenses reported by the defendants, it will be found that the percentage of operating expenses to earnings has in some instances diminished and in others increased to no material extent.

9. The published rate to Cairo in the territory west of the Mississippi River, embracing that part of Louisiana west of the river, Arkansas and Texas, is the same as the published rate from the territory east of the Mississippi served by the defendants, but, the roads in the former territory make an allowance called a "tap line allowance" to the millers of 2 cents and over per hundred pounds for the hauling by their "logging roads" of the lumber from the forests to the mills. This is equivalent to a rebate or reduction from the published rate. Of the defendants, only the Mobile & Ohio makes such allowance. The giving of this rebate by that road and by the roads west of the Mississippi is in the nature of an admission, or raises a strong presumption, that the published rate less the rebate is a reasonably remunerative rate. The rebate was allowed by the
111 Mobile & Ohio and roads west of the Mississippi under the rate in force at and prior to the date of the advance, April 15, 1903.

The question, whether allowances from the published rate made by the roads west of the Mississippi to logging roads or "tap lines," as they are called, owned or controlled by the lumber mills, constituted departures from such published rate in violation of the Act to regulate commerce as amended February 19, 1903, was presented for decision by this Commission in the case of The Central Yellow Pine Association (complainant in the present case) *v.* The Vicksburg, Shreveport & Pacific Railroad Co. (10 I. C. C. R. 193), and it was held, that the published rate must be strictly observed; that the defendants were not authorized under the law "to grant a division of the rate to the owner of a lumber mill as compensation to him for the cost of bringing his logs to the mill by steam railroad, horse railroad, wagon, or any other means of conveyance;" and that a common carrier subject to the provisions of the Act to regulate commerce can "allow a division of rates *only to another* common carrier which, participating in the particular traffic to which the rate is applied, *is also subject to those provisions.*" Where both roads are common carriers, it is said "the two lines may by contract or agreement establish a joint rate from the point of origin on the one road to the point of destination on the other and agree between themselves as to divisions of the rate;" and further that, "treating the transportation, first of the log to the mill and then of the lumber to destination, as a through shipment, involves the *right to mill in transit,* and, when that privilege is granted, the tariff should show on its face that the transportation covers carriage of the log to and the lumber from the mill and the division allowed the carrier of the log should be named in all cases."

The logging roads or "tap lines," to the owners of which the

Mobile & Ohio road makes allowances out of the published rate from the mills to destinations, do not appear to be common carriers, or carriers for the public, subject to the provisions of the Act to regulate commerce, but the private property of the mill owners used for hauling logs to their mills. Those allowances are,
112 therefore, unlawful under the rule laid down in the above decision.

The facts, that the roads west of the Mississippi make tap line allowances to mill-owners in their territory and the defendants (with the exception of the Mobile & Ohio road) do not make such allowances to the mill owners in their territory east of the Mississippi and that this results in placing the latter at a disadvantage in the common markets, does not constitute an undue preference for which the defendants in this case are liable under the Act to regulate commerce. The third section of that Act, which prohibits undue preferences between individuals and localities, is not violated by the failure or refusal of the defendants to make tap line allowances to the mill owners in their territory while such allowances are granted the mill owners by other carriers in a different territory or section of the country. (Central Yellow Pine Association *v.* Vicksburg, Shreveport & Pacific R. Co., *supra.*) While, however, this is true, there does not appear to be any reason for making these allowances west of the Mississippi River which does not equally apply east of the river and, if the rate west of the river is reasonable *minus* the allowances, this is persuasive, or gives color to the proposition, that after a similar reduction the rates east of the river would still be reasonably high. The Mobile & Ohio road by voluntarily making the allowance east of the river practically concedes this proposition as to itself.

10. The general rule is, the greater the tonnage of an article of traffic, the lower is the rate. No rule is more firmly grounded in reason or more universally recognized by carriers. It is because of the greater density of traffic north of the Ohio River in Central Freight Association Territory and in Eastern Territory that rates in general are materially lower in those territories than in Southern Territory. The defendants have made yellow pine lumber an exception to this rule; while the *tonnage* in general of the defendants and lumber tonnage in particular have grown greatly, the lumber rate has not been lowered but has been materially advanced. Moreover, the testimony is that "a decrease in the rates on traffic in general has been going on throughout the United States since the im-
113 provements in transportation have been put in operation;" here, again, lumber has been taken from under, and deprived of the benefit of, the general rule.

11. As said in Marten *v.* L. & N. R. R. Co. (9 I. C. C. R. 589) and shown by the proof in this case, "lumber is an inexpensive freight and only a few other commodities furnish to carriers so large a tonnage." The lumber business is constant, yielding the carriers revenue all the year; no special equipment is constructed or furnished for its carriage; it is loaded by the shipper and unloaded by the consignee, and where open cars are furnished, the

shipper is required at considerable expense to equip them so as to protect the load and the train; there is small risk incident to its transportation and, in case of accident, the damage is insignificant. For these reasons lumber should be given rates which are relatively low.

Our conclusion on the whole is that the advance, April 15, 1903, of 2 cents in the Cairo rate (with a corresponding increase in the rates to the other Ohio River crossings) was not warranted under all the facts in evidence and that the resultant increased rate is unreasonable and unjust. An order will be issued in accordance with these views.

KNAPP, *Chairman,* and FIFER, *Commissioner,* dissenting:

In the view we take of this case the conclusions of our associates are not justified by the facts and circumstances appearing in the record or otherwise entitled to consideration. Holding that the rates complained of have not been shown to be in violation of law we respectfully dissent from the foregoing report and opinion.

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EXHIBIT H.

115 At a general session of the Interstate Commerce Commission, held at its office in Washington, D. C., on the 7th day of February, A. D. 1905.

Present: Hon. Martin A. Knapp, chairman; Hon. Judson C. Clements, Hon. James D. Yeomans, Hon. Charles A. Prouty, Hon. Joseph W. Fifer, Commissioners.

THE CENTRAL YELLOW PINE ASSOCIATION

v.

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, THE MOBILE, JACKSON & KANSAS CITY RAILROAD COMPANY.

This case being at issue upon complaint and answers on file, and having been duly heard and submitted by the parties, and full investigation of the matters and things involved having been had, and the Commission having, on the date hereof, made and filed a report and opinion containing its findings of fact and conclusions thereon, which said report and opinion is hereby referred to and made a part of this order:

It is ordered, That the advance of 2 cents per 100 pounds established by the defendant, the Louisville & Nashville Railroad Company, on June 22, 1903, and by the other defendants herein on April 15, 1903, over rates previously in effect for the transportation of

lumber in carloads from shipping points on defendants' respective lines in the State of Louisiana east of the Mississippi River, and in the States of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo, and other points on the Ohio River, commonly called and known as Ohio River points, which said advance has since been maintained and enforced by the defendants, was and is excessive, unreasonable, and unjust, and in violation of the provisions of the act to regulate commerce; and that the rates and charges resulting from the said advance (which said rates are more specifically referred to in said report and opinion) are also excessive, unreasonable, and unjust, and in violation of the provisions of the act to regulate commerce; and that the defendants, the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company,
116 the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, the Louisville & Nashville Railroad Company, and the Mobile, Jackson & Kansas City Railroad Company, be, and each of them is hereby, notified and required to cease and desist on or before the first day of April, 1905, from further maintaining or enforcing the said unlawful advance of 2 cents per 100 pounds, or the said unlawful rates resulting therefrom, for the transportation of lumber as aforesaid.

And it is further ordered, That a notice embodying this order be forthwith sent to each of the defendant corporations, together with a copy of the report and opinion of the Commission herein, in conformity with the provisions of section 15 of the act to regulate commerce.

At a general session of the Interstate Commerce Commission, held at its office in Washington, D. C., on the 18th day of March, A. D. 1905.

Present: Hon. Martin A. Knapp, Chairman; Hon. Judson C. Clements, Hon. Charles A. Prouty, Hon. Joseph W. Fifer, Commissioners.

THE CENTRAL YELLOW PINE ASSOCIATION

v.

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, THE MOBILE, JACKSON & KANSAS CITY RAILROAD COMPANY.

It appearing that at the hearing in this case the complaint was dismissed as to the defendant, the Mobile, Jackson & Kansas City Railroad Company.

It is ordered, That the order entered herein on February 7, 1905, be, and the same is hereby, amended by striking therefrom the name of the defendant, the Mobile, Jackson & Kansas City Railroad Company, and that a copy of this order be served upon each of the parties to this proceeding.

A true copy.

EDW. A. MOSELEY, *Secretary.*

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Certificate.

OFFICE OF THE INTERSTATE COMMERCE COMMISSION.

I, Edward A. Moseley, secretary of the Interstate Commerce Commission, hereby certify that the foregoing exhibits, eight in number, and marked A to H, both inclusive, are correct copies of the originals thereof on file among the records of the Interstate Commerce Commission.

In testimony whereof I hereunto set my hand and affix the seal of the said Interstate Commerce Commission at the city of Washington, in the District of Columbia, this — day of June, 1905.

EDW. A. MOSELEY,
Secretary of the Interstate Commerce Commission.

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Notice of Filing Bill.

Extract from the Chancery Order Book.

SATURDAY, *June* 17, 1905.

13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA & GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

The Interstate Commerce Commission by William Wirt Howe, Esq. United States District Attorney for the Eastern District of Louisiana has this day filed a Bill of Complaint against The Illinois Central Railroad Company, The Gulf & Ship Island Railroad Company, The Southern Railway Company, The Mobile & Ohio Railroad Company, The New Orleans & Northeastern Railroad Company, The Alabama Great Southern Railroad Company, The Cincinnati New Orleans, & Texas Pacific Railway Company The Alabama & Vicksburg Railway Company, The Louisville & Nashville Railroad Company herein.

119 *Motion of Complainant for Service of Bill.*

Filed June 17th, 1905.

In the Circuit Court of the United States for the Eastern District of Louisiana.

In Equity. No. —.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

Motion of Complainant.

And now comes the Interstate Commerce Commission, complainant in the above entitled cause, by William Wirt Howe, Esq., United States District Attorney, for the Eastern District of Louisiana, and moves and respectfully prays the court for an order as to the manner of service of the bill of complaint in said cause and as to the manner of service of this motion and of the order thereon, and that the Court require the defendants above named to file their answers to said bill of complaint on or before a day certain to be fixed by the Court, and also to appear before the Court here at such time as may be fixed by the court then and there to show cause why such other preliminary orders as to the Court may seem meet shall not be entered to speed the cause to a final hearing, as provided for in the 16th section of the Act to regulate commerce.

(Signed) W. W. HOWE,
United States District Attorney for the Eastern District of Louisiana,
Per H. GENERES DUFOUR,
Ass't U. S. Att'y.

120 In the Circuit Court of the United States for the Eastern District of Louisiana.

In Equity. No. 13346.

THE INTERSTATE COMMERCE COMMISSION

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

Order of Court on Complainant's Motion for Service of Bill.

And now upon the filing of the Bill of Complaint and accompanying motion herein;

It is hereby ordered that Henry J. Carter, Esq., the Clerk of this Court be, and he is hereby authorized to make service of said bill of complaint and accompanying motion and of this order, by registering and depositing in the mails of the United States true copies thereof duly authenticated by the seal of this Court, correctly addressed to the President or one of the Vice-Presidents or the Secretary of each of the defendants above named.

It is also hereby ordered that the said defendants file their answers to said bill of complaint on or before eleven o'clock A. M. on the fifteenth (15th) day of July A. D. 1905, and that said defendants also appear before this Court at Eleven o'clock A. M. on said fifteenth (15th) day of July A. D. 1905, and show cause why such other and further preliminary orders as to this Court may seem meet should not be entered in this cause to speed the same to final hearing.

Done and signed at New Orleans, La., on this Seventeenth (17th) day of June A. D. 1905.

(Signed) CHARLES PARLANGE,
U. S. Judge.

121 *Return of Service.*

Filed June 21, 1905.

United States Circuit Court, Fifth Circuit, Eastern District of Louisiana, New Orleans Division.

In Equity. No. 13346.

THE INTERSTATE COMMERCE COMMISSION

v.

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF AND SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE AND OHIO RAILROAD COMPANY, THE NEW ORLEANS AND NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS AND TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA AND VICKSBURG RAILWAY COMPANY, THE LOUISVILLE AND NASHVILLE RAILROAD COMPANY.

I, Henry J. Carter, Clerk of the Circuit Court of the United States for the Eastern District of Louisiana, having been appointed by Order of Court, entered June 17th, 1905, in the above numbered and entitled cause, as per copy of Order attached hereto, to make service of the Bill of Complaint and of the Motion and Order on same in said cause, by registering and depositing in the Mails of the United States true copies thereof, duly authenticated by the seal of this Court, addressed to the President or one of the Vice Presidents or the Secretary of each of the Defendants above named, do hereby certify that on this 21st day of June, A. D. 1905, I repaired to the Registry Division of the Post Office at New Orleans, Louisiana, and there deposited in the Mails of the United States, Nine (9) Envelopes each containing a true copy of the Bill of Complaint, the Motion of Complainant and the Order of Court, on Complainant's Motion, addressed as follows:

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To the President or one of the Vice-Presidents or the Secretary of
The Illinois Central Railroad Company, Chicago, Illinois.
The Gulf & Ship Island Railroad Company, Gulf Port, Mississippi.
The Southern Railway Company, Richmond, Virginia.
The Mobile and Ohio Railroad Company, Mobile, Alabama.
The New Orleans and Northeastern Railroad Company, New Orleans, Louisiana.
The Alabama Great Southern Railroad Company, Birmingham, Alabama.
The Cincinnati, New Orleans and Texas Pacific Railway Company, Cincinnati, Ohio.

The Alabama and Vicksburg Railway Company, New Orleans, Louisiana.

The Louisville and Nashville Railroad Company, Louisville, Kentucky.

The said envelopes being duly sealed and the postage and registry fee being affixed thereon, and that the same were duly registered in the Mails and registry receipts were issued by the Post Office authorities for each one of said letters, which receipts are attached hereto.

I further certify that all of the said copies so deposited are registered in the Mails were duly authenticated by the seal of this Court.

I hereby make this return of service so that the same may be filed in the record of said cause.

Witness my hand and seal, at New Orleans, Louisiana, this 21st day of June, A. D. 1905.

[SEAL.] (Signed) H. J. CARTER, *Clerk.*

123

U. S. P. O. Registry Receipt.

Letter / Parcel } No. 61155. P. O., NEW ORLEANS, LA.

Received for registration 6/21, 190–, from H. J. Carter, addressed to Pres. or Vice Pres. I. C. R. R. Co., Chicago, Ill.

— class postage prepaid.

(Sig.) ——— ———, *Postmaster.*
Per ANDERER.

U. S. P. O. Registry Receipt.

Letter / Parcel } No. 61156. P. O., NEW ORLEANS, LA.

Received for registration ——— 21, 190–, from Do., addressed to Pres. or Vice Pres. N. O. & N. E. R. R., City.

— class postage prepaid.

(Sig.) ——— ———, *Postmaster.*
Per ANDERER.

U. S. P. O. Registry Receipt.

Letter / Parcel } No. 61157. P. O., NEW ORLEANS, LA.

Received for registration ——— 21, 190–, from Do., addressed to Pres. or Vice Pres. Ala. *or* Vicksburg Co., City.

— class postage prepaid.

(Sig.) ——— ———, *Postmaster.*
Per ANDERER.

U. S. P. O. Registry Receipt.

Letter } No. 33097. P. O., NEW ORLEANS, LA.
Parcel }

Received for registration June 21, 1905, from H. J. Carter, addressed to Pres. or Vice Pres. Gulf & Ship Island R. R., Gulfport, Miss.

— class postage prepaid.

—— ——, *Postmaster.*

(Sig.) Per ANDERER.

124

U. S. P. O. Registry Receipt.

Letter } No. 33098. P. O., NEW ORLEANS, LA.
Parcel }

Received for registration June 21, 1905, from Do., addressed to Pres. or Vice Pres. So. Ry. Co., Richmond, Va.

— class postage prepaid.

—— ——, *Postmaster.*

(Sig.) Per ANDERER.

U. S. P. O. Registry Receipt.

Letter } No. 33099. P. O., NEW ORLEANS, LA.
Parcel }

Received for registration June 21, 1905, from Do., addressed to Pres. or Vice Pres. Mobile & Ohio Ry. Co., Mobile, Ala.

— class postage prepaid.

—— ——, *Postmaster.*

(Sig.) Per ANDERER.

U. S. P. O. Registry Receipt.

Letter } No. 33100. P. O., NEW ORLEANS, LA.
Parcel }

Received for registration June 21, 1905, from Do., addressed to Pres. or Vice Pres., Birmingham, Ala.

— class postage prepaid.

—— ——, *Postmaster.*

(Sig.) Per ANDERER.

U. S. P. O. Registry Receipt.

Letter } No. 33101. P. O., NEW ORLEANS, LA.
Parcel }

Received for registration June 21, 1905, from Do., addressed to Pres. or Vice Pres. Cincinnati, N. O. & T. P., Cincinnati, Ohio

— class postage prepaid.

—— ——, *Postmaster.*

(Sig.) Per ANDERER.

125

U. S. P. O. Registry Receipt.

Letter / Parcel } No. 33102. P. O., NEW ORLEANS, LA.

Received for registration June 21, 1905, from Do., addressed to Pres. or Vice Pres. L. & N. Ry. Co., Louisville, Ky.

— class postage prepaid.

(Sig.) ——— ———, *Postmaster.*
Per ANDERER.

Printed on each of the foregoing receipts are the following instructions:

U. S. Registered Mails go to every post office of the world.

Provided for safe transit and correct delivery.

Letters and parcels may be registered at any post office or at any post-office station.

Letters will be registered by letter carriers in the residential districts of cities. Letters and parcels will be registered by rural carriers throughout their route.

For letters and parcels delivered through a U. S. post office, the sender, without request and without charge, receives the address's acknowledgment, and when delivered through a post office of a foreign country, if the words "Receipt Demanded" be indorsed on the address side of the letter or parcel.

126 T. M. & J. D. Miller, Counsellors at Law, 824 Common St.

Appointment of T. M. Miller as Special Assistant to U. S. Attorney.

NEW ORLEANS, LA., *July* 10/05.

H. J. Carter, Esq., Clerk, U. S. Circuit Court.

DEAR SIR: I beg to enclose you herewith letter from the Acting Attorney General, appointing me Special Assistant to the U. S. Att'y for this District, in the case of the Interstate Commerce Commission *vs.* the Illinois Central Railroad Company *et al.*, and request that you enter my name as of Counsel or one of the Solicitors for the Complainant in that suit.

Yours very truly,
(Signed)
T. M. MILLER.

TMM.
Enclosure.

127 Address reply to "The Attorney General" and refer to initials and number. J. H. G.

DEPARTMENT OF JUSTICE, WASHINGTON, *July* 3, 1905.

T. M. Miller, Esq., New Orleans, Louisiana.

SIR: You are hereby appointed a Special Assistant to the United States Attorney for the Eastern District of Louisiana in the case of the Inter-State Commerce Commission *v.* the Illinois Central Railroad Company, *et al.*, pending in the United States Circuit Court for said District.

This appointment is subject to any change that may be made by this Department.

Your Compensation will be determained by the Inter-State Commerce Commission, payable from the proper appropriation under its control.

Before entering upon duty, execute and file with this Department the customary oath of office.

Respectfully,

(Signed) H. M. HOYT,
Acting Attorney General.

Through the Inter-State Commerce Commission, Washington, D. C.

128 *Stipulation of Counsel Extending Time to File Answers and Concerning Exhibits and Testimony, etc., and Fixing Time for Taking Oral Testimony.*

Filed July 14, 1905.

In the Circuit Court of the United States for the Eastern District of Louisiana.

In Equity. No. 13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILROAD CO., THE ALABAMA & VICKSBURG RAILWAY COMPANY, and THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

Stipulation.

In the above cause it is stipulated and agreed by Counsel as follows:

1. The time for the defendants to appear and file their answers to the bill of complaint in this cause is extended to July 25, 1905.

2. A copy of the testamony of witnesses taken before the Interstate Commerce Commission in the case of The Central Yellow Pine Association *vs.* Illinois Central Railroad Company, *et al.*, and the exhibits to the said testimony, shall be certified by the Secretary of the Interstate Commerce Commission and filed in this cause, as soon as it can be done, and shall have the same force and effect as if the same had been taken in this cause, subject only to objection by either party as to competency or relevancy; and all formal objections thereto are hereby waived.

3. Extracts from the rates on file with the Interstate Commerce Commission, extracts from annual reports filed by carriers with said Commission; extracts from statistical or other data compiled by or on file in the office of the Statistician or Auditor of said Commission, which were used by said Commission on the hearing of the case of the Central Yellow Pine Association *vs.* Illinois Central Railroad Company *et al.*, may be used by either party as evidence on the hearing in this cause in the United States Circuit Court, subject to objection by either party as to the competency or relevancy of same; but all formal objections are waived.

4. Either party on the hearing of the above-entitled cause in the United States Circuit Court may use as evidence additional extracts from rates on file with said Commission; additional extracts from annual reports filed by carriers with said Commission, and
129 additional extracts from statistical or other data compiled by or on file with the Statistician or Auditor of said Commission; subject to objection by either party as to its competency or relevancy; but all formal objections are waived.

Copies of such extracts as may be intended to be used by either party shall be certified by the Secretary, Statistician or Auditor of said Commission, and furnished the opposite party with notice of the purposes for which they shall be filed, and said opposite party shall have 15 days thereafter, in which to file counter-extracts, he giving the same notice of said purpose for which they shall be filed.

All such extracts in chief shall be filed within 60 days from the date hereof.

5. The defendants shall have 60 days after this date and the complainant 30 days additional thereto in which to take oral testimony, and it is agreed that this cause may be continued until the next term of said Court to be held on the first Monday of November, 1905. Either party proposing to take testamony shall give the opposite party at least 10 days' notice of the time and place of taking testimony and of the names of the witnesses and the name of the officer, examiner or stenographer by or before whom the same is to be taken.

(Signed) H. GENERES DUFOUR,
" *Ass't U. S. Att'y.*
" L. A. SHAVER,
T. M. MILLER,
" *Sp'l As't, & etc.; Solicitors for Complainant.*
ED BAXTER,
Solicitor for Defendants, as of Record.

July 14th, 1905.

130 *Order Approving Stipulation.*

Filed July 14, 1905.

In the Circuit Court of the United States for the Eastern District of Louisiana.

In Equity. No. 13346.

THE INTERSTATE COMMERCE COMMISSION

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILROAD COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, and THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

In this cause a stipulation signed by the solicitors for complainant and the solicitor for the defendants, dated July 14, 1905, extending the time for filing the answer, and prescribing the time within which the testimony is to be taken, having been presented to me at Chambers, is hereby approved and ordered to be filed.

(Signed) DON A. PARDEE,
U. S. Circuit Judge.

Signed this 21st day of July, 1905.

131 *Joint and Several Answer of I. C. R. R. Co. et al.*

Filed July 25, 1905.

In the Circuit Court of the United States for the Eastern District of Louisiana.

In Equity. No. 13346.

THE INTERSTATE COMMERCE COMMISSION, Petitioner,
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF AND SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

The joint and several answer of the Illinois Central Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, and the Louisville & Nashville Railroad Company, to the petition filed in the Circuit Court of the United States, sitting in equity within and for the Eastern District of Louisiana, by the Interstate Commerce Commission, against these respondents and another, being No. 13346 on the Rule Docket of said Court.

These defendants respectively, now and at all times hereafter saving to themselves all and all manner of benefit or advantage of exception or otherwise that can or may be had or taken to the many errors, uncertainties, and imperfections in the said petition contained for answer thereto, or to so much thereof as these defendants are advised it is material or necessary for them to make answer to, severally answering say:

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I.

These defendants admit that the petitioner the Interstate Commerce Commission was created and established and now exists under and by virtue of an act of the Congress of the United States, entitled "An Act to Regulate Commerce" approved February 4, 1887, as amended by an act approved March 2, 1899, and an act approved February 10, 1891 and an act approved February 11, 1895.

These defendants admit that the defendant the Illinois Central Railroad Company is a corporation chartered under the laws of the State of Illinois, having its principal office in Chicago, in said State.

that the defendant the Gulf & Ship Island Railroad Company is a corporation chartered under the laws of the State of Mississippi, having its principal office in Gulf Port in said State, that the defendant the Southern Railway Company is a corporation, chartered under the laws of the State of Virginia, having its principal office in Richmond in said State; that the defendant the Mobile & Ohio Railroad Company, is a corporation chartered under the laws of the State- of Alabama, Mississippi, Tennessee and Kentucky, having its principal office in Mobile, in the State of Alabama; that the defendant the New Orleans & Northeastern Railroad Company, is a corporation chartered under the laws of the State of Louisiana, having its principal office in New Orleans, in said State; that the defendant the Alabama Great Southern Railroad Company is a corporation chartered under the laws of the State of Alabama, having its principal office in Birmingham, in said state; that the defendant the Cincinnati, New Orleans & Texas Pacific Railway Company, is a corporation chartered under the laws of the State of Ohio, having its principal office in Cincinnati, in said State; that the defendant the Alabama & Vicksburg Railway Company, is a corporation chartered under the laws of the State of Mississippi, having its principal office in New Orleans, in the State of Louisiana, and that the defendant the Louisville & Nashville Railroad Company, is a corporation chartered under the laws of the State of Kentucky, having its principal office in Louisville in said State.

133 II.

These defendants admit that they, and their co-defendant were on the 24th day of July 1903, and ever since have been, and still are, respectively, common cariers engaged in the transportation of persons and property by railroad under joint through rates and as members of certain continuous through lines between certain points in different States of the United States, and particularly in the transportation of lumber from lumber shipping points on their respective lines in the State of Louisiana east of the Mississippi River, and in the States of Mississippi, and Alabama to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River, commonly called and known as "Ohio River points" and to points north of the Ohio River and on and east of the Mississippi River.

III.

These defendants admit that on or about the 24th day of July 1903, the Central Yellow Pine Association, composed of certain persons, firms and corporations engaged in the business of manufacturing and shipping yellow pine lumber in and from the States of Mississippi and Alabama, and that part of Louisiana east of the Mississippi River filed a petition or complaint to the complainant the Interstate Commerce Commission alleging certain so-called violations on the part of the defendants of certain provisions of the Act to Regulate Commerce, as at large and more fully appears in and by the said complaint or petition on file in the office of said Interstate Commerce Commission a copy whereof is annexed to and made part

of the petition filed in this cause as Exhibit A; and that a copy of said Exhibit A attested by the Secretary of said Commission under the seal of said Commission was duly forwarded by said Commission to each of the defendants.

IV.

These defendants admit that on or about July — 1903, the defendants the Illinois Central Railroad Company, the Southern Railway Company, the New Orleans & Northeastern Railroad
134 Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg, Railway Company, and the Louisville & Nashville Railroad Company, filed their joint and several answer to the said petition filed before the Interstate Commerce Commission; and a true copy of said joint and several answer is annexed to and made part of the petition in this cause as Exhibit F thereto.

These defendants admit that on or about August 5, 1903, the defendant the Mobile & Ohio Railroad Company, filed its separate answer to said petition filed before the Interstate Commerce Commission and a true copy of said separate answer is annexed to and made part of the petition in this cause as Exhibit B. thereto.

These defendants admit that on or about August 10, 1903, the defendant the Gulf & Ship Island Railroad Company, filed its separate answer to said petition filed before the Interstate Commerce Commission; and they are informed and believe that a true copy of said separate answer is annexed to and made part of the petition in this cause as Exhibit D thereto.

These defendants admit that on or about October 28, 1903, said defendant the Gulf & Ship Island Railroad Company, filed a supplement and amendment to its original answer; and they are informed and believe that a true copy of said supplement and amendment is annexed to and made part of the petition in this cause as Exhibit E thereto.

V.

These defendants admit that afterwards the said cause before said Interstate Commerce Commission being at issue upon the pleadings aforesaid, came on for investigation and hearing before said Commission at New Orleans, in the State of Louisiana, on to-wit, December 8, 9, 10, 11 and 12, 1903, and at Washington in the District of Columbia, on, to-wit, February 15, 16 and 17, 1904 at which times and places the parties complainant and defendant appeared by their attorneys or had due notice to appear, and testimony was taken in behalf of said parties.

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VI.

These defendants admit that the complainant the Interstate Commerce Commission determined the matter in controversy between the said parties before it; but said defendants deny that the complainant "duly" determined said matter or any part of it.

These defendants admit that complainant, the Interstate Commerce Commission made a report in writing in respect to said matter

setting forth its so-called findings of fact and its so-called conclusion, alleged to be based on said so-called findings, namely, that an advance made April 15, 1903, by each of the defendants except the Louisville & Nashville Railroad Company, and by that company, on June 22, 1903, of 2 cents in the rate on lumber in carloads from shipping points in Louisiana east of the Mississippi River and in the States of Mississippi and Alabama to Cairo, Evansville, Louisville, Cincinnati and other points on the Ohio River, was not warranted, and that the resultant increased rates were unreasonable and unjust, in violation of the Act to Regulate Commerce as at large and more fully appears in and by the said report of complainant, the Interstate Commerce Commission, a copy whereof is annexed to and made part of the petition in this cause as Exhibit G thereto.

VII.

These defendants admit that forthwith upon the determination of said cause before said Commission as aforesaid, on to-wit, said 7th day of February 1905, the complainant formulated an order and notice in the premises, which is claimed to be based upon its so-called findings of fact and conclusions, requiring the defendants to cease and desist on or before the 1st day of April 1905, from further enforcing or maintaining said advance of 2 cents per hundred pounds or the said rates resulting therefrom, for the transportation of lumber as aforesaid, and a copy of said notice is annexed to and made part of the petition in this cause as Exhibit H thereto. But these defendants deny that said order or notice was "duly formulated; they deny that said advance of 2 cents per hundred pounds or the rates resulting therefrom were or are "unlawful."

136 VIII.

These defendants admit that the complainant the Interstate Commerce Commission agreeably to the provisions of the law in that regard, duly caused a properly authenticated copy of its said report viz: Exhibit G to the petition in this cause, together with its said order viz: Exhibit H to the petition in this cause, to be delivered to each of these defendants and that said defendants conceiving said order to be unlawful, have wholly disregarded and knowingly disobeyed the same; and still neglect and refuse to comply with the same or any part thereof.

IX.

These defendants deny that the said advance of 2 cents in the said lumber rate was or is unwarranted; and they deny that it has resulted in rates excessive, unreasonable or unjust; or that said advance or said rates are in violation of the Act to Regulate Commerce.

On the contrary, respondents aver that said advance of 2 cents on said lumber rates, and the lumber rates resulting from said advance were and are just and reasonably low, and are fully warranted by the provisions of the Act to Regulate Commerce.

Respondents having fully answered pray to be hence dismissed with their reasonable cost.

(Signed) ED. BAXTER,
Solicitor for Respondents.

137 DISTRICT OF COLUMBIA, *City of Washington, ss:*

Personally appeared before me Pearce Horne a Notary Public duly appointed, commissioned and qualified in and for the District aforesaid, Samuel Spencer who is personally known to me to be President of the Alabama Great Southern Railroad Company, one of the above named respondents, who being duly sworn deposed that the facts stated in the foregoing answer, as of respondent's own knowledge are true and that those stated as upon information and belief are true to the best of his knowledge, information, remembrance and belief; and in testimony that the foregoing is the answer of said company he affixed thereto the corporate seal of said company in my presence.

Witness my hand and notarial seal at office at Washington D. C. this 21st day of July 1905.

(Signed) SAMUEL SPENCER, *President.* [SEAL.]

(Sig.) PEARCE HORNE,
Notary Public.

[SEAL.] [N. P. SEAL.]

138 DISTRICT OF COLUMBIA, *City of Washington, ss:*

Personally appeared before me Pearce Horne, a Notary Public appointed, commissioned and qualified in and for the District aforesaid Samuel Spencer who is personally known to me to be President of the Cincinnati, New Orleans & Texas Pacific Railway Company one of the above-named respondents, who being duly sworn, deposed that the facts stated in the foregoing answer as of respondents own knowledge are true, and that those stated as upon information and belief are true to the best of his knowledge, information remembrance and belief; and in testimony that the foregoing is the answer of said company, he affixed thereto the corporate seal of said company in my presence.

Witness my hand and notarial seal at office at Washington D. C. this 21st day of July 1905.

(Sig.) SAMUEL SPENCER, *President.* [SEAL.]

(Signed) PEARCE HORNE,
Notary Public.

[SEAL.] [N. P. SEAL.]

139 DISTRICT OF COLUMBIA, *City of Washington, ss:*

Personally appeared before me Pearce Horne, a Notary Public duly appointed, commissioned and qualified in and for the District aforesaid, Samuel Spencer who is personally known to me to be President of the Mobile & Ohio Railroad Company, one of the above-

named respondents, who being duly sworn deposed that the facts stated in the foregoing answer, as of respondent's own knowledge are true, and that those stated as upon information and belief are true to the best of his knowledge, information, remembrance and belief; and in testimony that the foregoing is the answer of said company, he affixed thereto the corporate seal of said company in my presence.

Witness my hand and notarial seal at office at Washington D. C. this 21st day of July, 1905.

(Sig.) SAMUEL SPENCER, *President.* [SEAL.]

(Sig.) PEARCE HORNE,
Notary Public.

[SEAL.] [N. P. SEAL.]

140 DISTRICT OF COLUMBIA, *City of Washington, ss:*

Personally appeared before me, Pearce Horne a Notary Public duly appointed, commissioned and qualified in and for the District aforesaid Samuel Spencer who is personally known to me to be President of the Southern Railway Company, one of the above named respondents who being duly sworn deposed that the facts stated in the foregoing answer, as of respondent's own knowledge are true and that those stated as upon information and belief are true to the best of his knowledge information, remembrance and belief; and in testimony that the foregoing is the answer of said company, he affixed thereto the corporate seal of said company in my presence.

Witness my hand and notarial seal at office at Washington D. C. this 21st day of July, 1905.

(Sig.) SAMUEL SPENCER, *President.* [SEAL.]

(Sig.) PEARCE HORNE,
Notary Public.

[SEAL.] [N. P. SEAL.]

141 STATE OF LOUISIANA, *County of Orleans, ss:*

Personally appeared before me, Purnell M. Milner, a Notary Public duly appointed, commissioned and qualified in and for the State and county aforesaid C. C. Harvey who is personally known to me to be President of the New Orleans & Northeastern Railroad Company, one of the above named respondents who being duly sworn deposed that the facts stated in the foregoing answer as of respondent's own knowledge, are true, and that those stated as upon information and belief are true to the best of his knowledge, information, remembrance and belief; and in testimony that the foregoing is the answer of said company, he affixed thereto the corporate seal of said company in my presence.

Witness my hand and notarial seal at office at New Orleans, this 20th day of July 1905.

(Sig.) C. C. HARVEY, *President.* [SEAL.]

(Sig.) PURNELL M. MILNER,
Notary Public.

[SEAL.] [N. P. SEAL.]

Attest:

H. W. WENHAM, *Secretary.*

142 STATE OF LOUISIANA, *County of Orleans, ss:*

Personally appeared before me Purnell M. Milner a Notary Public duly appointed, commissioned and qualified in and for the State and county aforesaid, C. C. Harvey, who is personally known to me to be President of the Alabama & Vicksburg Railway Company one of the above named respondents, who being duly sworn deposed that the facts stated in the foregoing answer, as of respondent's own knowledge, are true, and that those stated as upon information, and belief are true to the best of his knowledge, information, remembrance and belief; and in testimony that the foregoing is the answer of said company, he affixed thereto the corporate seal of said company in my presence.

Witness my hand and notarial seal at office at New Orleans, this 20th day of July, 1905.

(Sig.) C. C. HARVEY, *President.* [SEAL.]

(Sig.) PURNELL M. MILNER,
Notary Public.

[SEAL.] [N. P. SEAL.]

Attest:

(Signed) H. W. WENHAM, *Secretary.*

143 STATE OF NEW YORK, *County of New York:*

Personally appeared before me Lawrence Slade a Notary Public duly appointed, commissioned and qualified in and for the State and county aforesaid, Stuyvesant Fish who is personally known to me to be President of the Illinois Central Railroad Company one of the above named respondents, who being duly sworn deposed that the facts stated in the foregoing answer as of respondent's own knowledge, are true, and that those stated as upon information and belief are true to the best of his knowledge, information, remembrance and belief; and in testimony that the foregoing is the answer of said company, he affixed thereto the corporate seal of said company in my presence.

Witness my hand and notarial seal at office at New York this 21st day of July, 1905.

(Signed) STUYVESANT FISH, *President.* [SEAL.]

NOTARY PUBLIC. [N. P. SEAL.]

(Signed) LAWRENCE SLADE,
Notary Public, No. 101, *New York County.*

Term Expires March 30, 1907.
[SEAL.]

144 STATE OF KENTUCKY, *County of Jefferson:*

Personally appeared before me G. W. B. Olmstead, a Notary Public duly appointed, commissioned and qualified in and for the State and county aforesaid, M. H. Smith who is personally known to me to be President of the Louisville & Nashville Railroad Company,

one of the above named respondents, who being duly sworn deposed that the facts stated in the foregoing answer as of respondent's own knowledge, are true, and that those stated as upon information, and belief are true to the best of his knowledge, information, remembrance and belief; and in testimony that the foregoing is the answer of said company, he affixed thereto the corporate seal of said company in my presence.

Witness my hand and notarial seal at office at Louisville Ky. this 19th day of July 1905.

(Signed) M. H. SMITH, *President.* [SEAL.]

(Sig.) G. W. B. OLMSTEAD,
Notary Public.

[SEAL.] [N. P. SEAL.]

Attest:

J. H. ELLIS, *Secretary.*

145 *Notice of Filing of Joint and Several Answer.*

Extract from the Chancery Order Book.

TUESDAY, *July* 25, 1905.

13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

The Illinois Central Railroad Company, The Mobile & Ohio Railroad Company, The Southern Railway Company, the New Orleans and Northeastern Railroad Company, the Alabama, Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company and the Louisville & Nashville Railroad Company, through Ed Baxter, have this day filed their joint and several answer to the bill of complaint herein.

146 *Answer of Gulf & Ship Island R. R. Co.*

Filed Jul- 25, 1905.

In the Circuit Court of the United States for the Eastern District of Louisiana.

In Equity. No. 13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

The answer of the Gulf & Ship Island Railroad Company, one of the Defendants, to the Foregoing Bill.

This Respondent, reserving to itself all manner of advantage and exception that may be had or taken to the manifold errors and insufficiencies of complainant's bill, for answer to same, or to so much as it is advised it is material for it to answer, answering saith:

I. It admits the allegations of Paragraph I of complainant's bill.

II. Respondent admits that the defendants in this case, including Respondent, were on the 24th day of July, 1903, and have been since, and still are, common carriers engaged in the transportation of persons and property by railroad, and under joint through rates between points in different States in the United States, and admits that Respondent and the other defendants mentioned in complainant's bill are engaged in Interstate Commerce. But Respondent denies that it is a member of any continuous through line between points in different States in the United States, as alleged in complainant's bill, and shows the fact to be that Respondent's line of railroad is situated wholly within the State of Mississippi,
147 and that Respondent is engaged in Interstate Commerce, only by reason of the fact that it makes through rates in connection with other roads, to-wit, The Illinois Central Railroad Company, the New Orleans & Northeastern Railroad Company, and The Louisville & Nashville Railroad Company.

III. Respondent admits the allegations of Paragraph III, IV and V.

IV. Replying to Paragraph VI of Complainant's bill, Respondent admits that on the 7th day of February, 1905, complainant, the Interstate Commerce Commission, determined the matter in con-

troversy before it, and made a report in writing in respect thereof, reciting its findings of fact and its conclusions based on said finding, as is set forth and alleged in Paragraph VI of the said bill. But Respondent further avers and shows, in answer to said Paragraph of said bill of complaint, that the said finding so made and promulgated by the complainant, The Interstate Commerce Commission, was not a unanimous finding, and that only three of the said Commissioners concurred in the holding that the said increase of two cents per 100 pounds on yellow pine lumber was unwarranted and illegal. The remaining two members of the said Commission dissenting from the said finding and holding that the said increase of two cents per 100 pounds on yellow pine lumber, was legal and justified by the conditions existing at the time the said increase was made, and at the time said order was promulgated. And Respondent further shows and alleges as a matter of fact that the said finding of the Commission was erroneous and that the said increase of two cents per 100 pounds on yellow pine lumber, and the rates resultant therefrom were not unreasonable or unjust or in violation of the Act to Regulate Commerce, but the said increase was reasonable and justified, and that the resultant rates were reasonable, just and conformable to law; and upon the question of the reasonableness of the said rates and propriety and legality of the said increase from which the said rates resulted, Respondent adopts as a part of its answer all and singular the allegations with
148 reference thereto contained in the answers of the Illinois Central Railroad Company, the Southern Railway Company, The Mobile & Ohio Railroad Company, The New Orleans & Northeastern Railroad Company, the Alabama, Great Southern Railroad Company, The Cincinnati, New Orleans & Texas Pacific Railway Company, The Alabama & Vicksburg Railway Company, and the Louisville & Nashville Railroad Company, prays leave to refer to the same, and to use the same as a part of its answer as fully and completely as if the same were fully and at length copied and produced herein.

V. Respondent admits the allegations of Paragraph VII of complainant's bill.

VI. Respondent admits that a copy of the order mentioned in Paragraph VII of complainant's bill, being "Exhibit G" thereto, was delivered to and served upon this Respondent, and further admits that it has not obeyed the said order reducing the through rates as therein required to do, and admits that they have not put in force the through rates mentioned in the said order for the reason that it is utterly impossible for this Respondent to obey the said order, or to put in the said through rates because of the following facts:

The line of railroad of Respondent is situated wholly in the State of Mississippi, and the lumber hauled by respondent for through carriage is delivered by it to its connections, either at Jackson, Mississippi, to the Illinois Central Railroad Company or at Hattiesburg, Lumberton and Laurel, Mississippi, to the New Orleans & Northeastern Railroad Company, or at Gulfport, Mississippi, to the

Louisville & Nashville Railroad Company, by which said lines it is transported to its destination at the various Ohio River points and crossings. The through rates for such carriage are not made by Respondent, but by its Trunk Line connections, who determine the through rates from this territory to northern points, and it is utterly impossible for Respondent to promulgate any rate which is not made by its Trunk Line connections or to which they do not assent.

149 Sometime early in the year 1903, to-wit, the 1st day of February, Respondent was advised by each of its connections above named that it had determined to advance the rate for the transportation of yellow pine lumber from the junction points above named to the Ohio River crossings and beyond, two cents per 100 pounds and notified that the through rate of carriage from the mills to the said points would consequently be increased two cents per 100 pounds. And in obedience to the said notice, because Respondent had no other means of getting the lumber to said points, and because of the fact that the said connections demanded the increase price and declined to carry for any less, they were compelled to make the rates in accordance with said demands, and so acting thereunder, the through rate was increased by the amount of advance made by the Trunk Lines, being the other defendants to this suit.

Respondent shows that upon the receipt of said notice it was confronted with the necessity of doing either one of two things: First, either increase the through rate in accordance with the notification of its said connections, or second, in the alternative, take out the through rate altogether, carrying lumber only to junction points, and there delivering it to the said connections.

Respondent further shows that in the proceeding instituted by the Central Yellow Pine Association before The Interstate Commerce Commission, and in which the order was made which this suit seeks to enforce it by its answer, disclosed and showed to the Commission that it was in no wise interested in the said increase in rate; that it was not a party thereto, that it did not participate therein; that no part of the said increase inured to Respondent, but that the whole thereof was taken by the roads which had made the increase and which insisted that they were, by reason of the conditions of business, and cost of traffic, entitled to demand and receive the increased rate.

It will be apparent to the Court that it is impossible for this respondent to put in any through rates, without the assent of its connections over whose lines the traffic moves from junction points to the ultimate markets; and the said Trunk Lines, the connections of this Respondent, having, as Respondent is informed and believes, refused to regard the order of the Commission, Re-

150 spondent is unable to change the rates, because the said connections refuse to concur therein, and it is impossible for Respondent, acting alone, and without the concurrence of its said connections to reduce the said rates.

Respondent reiterates that it is not concerned with the said in-

creased rate on lumber; that it had nothing whatever to do with the said increase; its initiation, its execution, or its collection; that it never has participated and does not now participate in the said increase, and that no part of the said increase inures to it. It had nothing whatever to do either with the initation or maintenance of the said increased rate except that in obedience to the directions of its said connections it has been compelled to promulgate and collect the new rate, because on no other terms could the through rate be made and lumber moved to the markets. The only alternative left to Respondent was to take out the through rates, which Respondent was and is disinclined to do, because after conference with a great majority of its lumber shippers, including nearly all of the members of the Central Yellow Pine Association, upon whose complaint the order was made, Respondent was advised that the withdrawal of the through rates would mean the practical annihilation of the lumber business on its line, and that through rates, even at the advance were much preferable to the local shipments over several different lines.

VII. Respondent denies that said advance of two cents in lumber rates was unwarranted, and denies that said advance has resulted in rates excessive, unreasonable or unjust, or in violation of the Act to Regulate Commerce, and asserts the truth to be that the said rate as advanced was and is reasonable just and conformable to law, and to the Act to Regulate Commerce *Commerce,* and on this point Respondent further adopts all of the allegations of the answers of the Illinois Central Railroad Company; the Southern Railway Company; the Mobile & Ohio Railroad Company; the New Orleans & Northeastern Railroad Company; the Alabama Great South-
151 ern Railroad Company; the Cincinnati, New Orleans & Texas Pacific Railroad Company; the Alabama & Vicksburg Railway Company and the Louisville and Nashville Railroad Company and prays that the same may be considered as specifically incorporated herein.

Wherefore, the premises considered, Respondent prays to be hence dismissed, with its reasonable costs. And Respondent prays for general relief and will ever pray, etc.

GULF & SHIP ISLAND RAILROAD COMPANY,

(Signed) Per THOS. P. HALE, *2nd Vice Pres't.*

(Sig.) JAS. H. NEVILLE,
Solicitor for Respondent.

UNITED STATES OF AMERICA,
State of Mississippi, City of Gulfport:

Personally appeared before me, the undersigned authority T. P. Hale who is the Second Vice President of the Gulf & Ship Island Railroad Company, who being by me first duly sworn, deposes and says that the matters and things stated in the foregoing answer, as of the knowledge of defendant are true as therein stated, and those

stated on information and belief, Respondent believes to be true from information received.

(Signed) THOS. P. HALE.
2nd Vice Pres't.

Sworn — and subscribed before me this 24th day of July, A. D. 1905.

(Signed) H. C. ELDER,
[SEAL.] *Notary Public.*

152 *Notice of Filing of Answer of Gulf & Ship Island R. R. Co.*

Extract from the Chancery Order Book.

TUESDAY, *July* 25, 1905.

13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE AND OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

The Gulf & Ship Island Railroad Company, one of the defendants through Jas. H. Neville, its Solicitor, has this day filed its answer to the Bill of Complaint herein.

153 *Letter as to Appearance of Green & Green as Associate Counsel for Compl't.*

Filed Sep. 5, 1905.

L. A. Shaver, Solicitor.

Interstate Commerce Commission, Washington.

I. C. C. *vs.* THE ILL. CENT. R. R. CO. ET AL. (Central Yellow Pine Association Case.)

SEPTEMBER 1, 1905.

H. J. Carter, Esq., Clerk U. S. Circuit Court, New Orleans, La.

DEAR SIR: Messrs. Green & Green of Jackson, Miss., will appear as associate counsel for the Commission (complainant) in the above named case on the suggestion of Mr. Geo. S. Gardner, President of the Central Yellow Pine Association.

Yours very respectfully,

(Signed) L. A. SHAVER, *Solicitor.*

154 *Order Extending Time for Taking Oral Testimony and Setting Down Case for Argument.*

U. S. Circuit Court, Eastern Dist. of La., at New Orleans.

INTERSTATE COMMERCE COMMISSION
v.
ILLINOIS CENTRAL R. R. CO. ET ALS.

No. 13346. In Equity.

On motion of W. W. Howe, U. S. Attorney, representing the Complainant, and on suggesting the consent of counsel for the defense; It is ordered that the defendants be allowed sixty days from December 15th, instant, and the complainant thirty days thereafter in which to take oral testimony, and that the case be set down for argument for April 2nd, 1906.

(Signed) CHARLES PARLANGE,
U. S. Judge.

December 9th, 1905.

155 *Stipulation as to the Evidence in the Case of the Yellow Pine Association vs. Illinois Central R. R. Co. and Printing Portions of Same.*

Filed Dec. 16, 1905.

In the Circuit Court of the United States for the Eastern District of Louisiana.

In Equity. No. 13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, and THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

Stipulation.

It is hereby stipulated and agreed by counsel for the complainant and counsel for defendants:

1. That all the evidence of every description before the complainant and filed, in the case of the Yellow Pine Association *vs.* The Illinois Central Railroad Company, *et al.*, may be filed in this cause and have the same force and effect as if taken herein, subject to objection by either party as to competency and relevancy.

2. That in printing portions of said evidence, and omitting in printing certain other portions because of the bulkiness of the latter

or for other reason, it is not intended to take such matter omitted in printing from under the operation of clause 1 of this stipulation, but such matter so omitted may be used on the hearing by counsel of either side to the same extent as if embraced in the printing.

Dec. 11-1905.

(Signed) W. W. HOWE,
U. S. Attorney.
L. A. SHAVER,
Solicitor for Complainant.
ED. BAXTER,
Solicitor for Defendants as of Record.

156 *Reassignment of Case.*

Extract from the Minutes, November Term, 1905.

NEW ORLEANS, THURSDAY, *March* 8, 1906.

Court met pursuant to adjournment.

Present: Hon. Charles Parlange, District Judge.

No. 13346.

INTERSTATE COMMERCE COMMISSION
vs.
ILLINOIS CENTRAL R. R. CO. ET AL.

On motion of T. M. Miller and R. E. Foster, of Counsel for plaintiff,

It is ordered that this case be re-assigned for April 30, 1906.

157 *Replication to Answer of the Defendants.*

Filed March 20, 1906.

United States Circuit Court, Eastern District of Louisiana. In Equity.

No. 13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD CO. ET AL.

The replication of the Interstate Commerce Commission, the plaintiff in the above numbered and entitled cause, to the answer of the Illinois Central Railroad Company and all its co-defendants therein.

This repliant, saving and reserving unto itself all and all manner of advantage of exception to the manifold insufficiencies of said answer, for replication thereunto saith that it will aver and prove its said bill to be true, certain and sufficient in the law to be answered unto, and that the said answer of the said defendants is un-

certain, untrue and insufficient to be replied unto by this repliant; without this, that any other matter or thing whatsoever in the said answer contained, material or effectual, to be replied unto, confessed and avoided, traversed or denied, is true; all which matters and things this repliant is, and will be, ready to aver and prove as this Honorable Court shall direct, and humbly prays as in and by its said bill it hath already prayed.

(Signed) W. W. HOWE,
U. S. Attorney.
" L. A. SHAVER,
" T. M. MILLER, &
" MARCELLUS GREEN,
Solicitors for Complainant.

158 *Hearing, Note of Evidence, and Continuance of Case.*

Extract from the Minutes, April Term, 1906.

NEW ORLEANS, MONDAY, *April* 30, 1906.

Court met pursuant to adjournment.
Present: Hon. Charles Parlange, District Judge.

No. 13346. In Equity.

INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF AND SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE AND OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS AND TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA AND VICKSBURG RAILWAY COMPANY, THE LOUISVILLE AND NASHVILLE RAILROAD COMPANY.

This cause came on this day to be heard before the Court.
Present: W. W. Howe, U. S. Attorney, T. M. Miller, L. A. Shaver and Marcellus Green, solicitors for the Complainant.
Present: Edmond D. Baxter, Sidney F. Andrews and Claudian B. Northrop Solicitors for the Defendants.
Whereupon the Counsel for the respective parties offered the following evidence in their behalf as per the Note of Evidence on file to-wit:

1.

Report, Findings, Conclusions and Order of the Interstate Commerce Commission.

2.

Stipulation of Counsel *in re* printed testimony etc. reference to documents, reports, etc.

3.

Volume of printed testimony as filed being testimony before the Interstate Commerce Commission in the case of the Central Yellow Pine Association *vs.* The Illinois Central Railroad Company *et al.* with all tables, exhibits and invoice therein.

159 4.

Stipulation of counsel *in re* proof in the Tap Line Case and proceedings of lumber manufacturing associations.

5.

Printed testimony taken at Nashville for defendants and same taken at Chicago as printed and filed with exhibits thereto.

6.

Printed testimony taken at New Orleans, for complainant, with exhibits thereto, and certificate of the Clerk of the U. S. Court Southern District of Mississippi, *in re* loss of record in case of Receivership of the Gulf & Ship Island Railroad Company.

7.

Original exhibits filed with testimony of Nathaniel G. Scott and not printed therewith.

8.

Two tariffs, Illinois Central Railroad Company, on cross ties, referred to by C. W. Robinson in his testimony as printed.

9.

Annual reports of the Illinois Central Railroad Company, the Southern Railway the Louisville & Nashville Railroad Co., the Alabama and Vicksburg R. Co., the New Orleans and Northeastern R. Co., the Mobile & Ohio R. Co., and the Gulf & Ship Island R. Co., as filed.

10.

Depositions of J. T. Jones and Elisha Gee.

11.

Statistical statement of earnings of the defendant railroads as filed.

12.

Deposition of Renshaw for defendants.

13.

It is agreed by Counsel in open Court and stated in open Court that if any documents filed herein are omitted in this note — shall be considered as included therein, also documents on file in the case

before the Interstate Commerce Commission if omitted from
160 the record may be filed and considered as if included in the printed copy on file.

14.

Statement of surplus earnings of the Chicago, St. Louis & N. O. R. R. Co. from 1891 to 1901 inclusive.

15.

Statement showing Capital Stock funded debt, fixed charges and dividends of the Illinois Central R. R. Co. from Jan'y 1st, 1883 to June 30th, 1903.

After hearing the arguments of L. A. Shaver and T. M. Miller for the Complainant and of Sidney F. Andrews and Edmund D. Baxter for the Defendants, it was ordered by the Court that the further hearing of this cause be continued until to-morrow at 11 o'clock A. M.

161 *Hearing and Submission.*

Extract from the Minutes, April Term, 1906.

NEW ORLEANS, TUESDAY, *May* 1, 1906.

Court met pursuant to adjournment.
Present: Hon. Charles Parlange, District Judge.

No. 13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF AND SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE AND OHIO RAILROAD COMPANY, THE NEW ORLEANS AND NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS AND TEXAS PACIFIC RAILWAY CO., THE ALABAMA AND VICKSBURG RAILWAY COMPANY, THE LOUISVILLE AND NASHVILLE RAILROAD COMPANY.

This cause as continued from yesterday was this day resumed. After hearing further argument from Edmund D. Baxter of Counsel for the Defendants and arguments from Marcellus Green of Counsel for the Complainant the cause was submitted when the Court took time to consider.

It was ordered by the Court that the Counsel for the Complainant be allowed ten days in which to file Briefs and that Counsel for the Defendants be allowed five days thereafter in which to file their Briefs.

(Pp. 162 to 1172, incl., are omitted here in printing, being already in print, marked Vol. II.)

1173 *Stipulation of Counsel in Re Printed Testimony, etc., Reference to Documents, Reports, etc.*

NOTE.—Copied at page 155 of this Transcript.

U. S. Circuit Court, Eastern District of Louisiana. In Equity.

No. 13346.

INTERSTATE COMMERCE COMMISSION
vs.
ILLINOIS CENTRAL RAILROAD CO. ET AL.

Stipulation of Counsel *in Re* Proof in the Tap Line Case, etc.

Whereas, in the course of the hearing of the case of the Central Yellow Pine Association against the defendants herein, before the Interstate Commerce Commission, it was stipulated and agreed that so much of the testimony taken in the case of the Central Yellow Pine Association *vs.* The St. Louis, Iron Mountain & Southern, the Kansas City Southern and other railroads carrying yellow pine lumber from Arkansas and Louisiana west of the Mississippi River to Cairo and Mississippi River crossings as should be applicable should be deemed and treated as part of the testimony in this case,

And whereas the testimony in said last named case known as the "Tap Line Case," is very voluminous and it is deemed unnecessary to encumber this record with more than the substance provided,

It is hereby stipulated between the undersigned counsel for Complainant and Defendants herein that in lieu of the testimony in the said Tap Line Case it shall be considered that it was established by the proof therein first, that for very many years the practice had prevailed and still prevails among said lumber carrying roads in Arkansas and Louisiana west of the Mississippi River to allow to shippers of yellow pine lumber having mills on the lines of said railroads a certain division of the through rate charged to Ohio and Mississippi River crossings and beyond, running from one to four cents per one hundred pounds, according to the length
1174 of the shippers' logging roads, in all cases where their logs were hauled by their logging roads a distance of ten miles or upwards. This allowance was made upon the theory that the logging roads participated in the transportation service and upon the milling in transit principle, and in form the allowance was made to the logging roads serving the mills and which were usually incorporated as common carriers, but not in all cases.

Second, that it was furthermore established in that case that the shippers referred to had bought timber lands at considerable distances from the railroads; built their manufacturing plants along the railroads and built the logging roads to bring their timber in in reliance upon this tap line division being maintained, and that but for it they would have built their mills near their timber.

It is further stipulated that the rate on lumber charged to Ohio and Mississippi River crossings from Arkansas and Louisiana west of the Mississippi River is what is known as a blanket rate. In other words, the rate is the same to each of the Ohio and Mississippi River crossings from every point in Arkansas and Louisiana west of the Mississippi River without regard to what may be the actual distances from said points in Arkansas and Louisiana west of the Mississippi River to said Ohio and Mississippi River crossings respectively. It is also stipulated that the theory upon which the Commission sanctioned the allowance of said tap line divisions was that the lumber originated on what are called the logging roads, and was only stopped at the mills located at the junctions between the logging roads and the trunk lines for the purpose of being milled in transit.

It is further stipulated that at the twelfth annual convention of the Southern Lumber Manufacturers' Association held in Memphis, Tenn., January 14 and 15, 1902, the following, among other resolutions, were reported to said Convention by the Committee on Resolutions:

1175 Whereas, it having developed after repeated and earnest endeavor in several sections, that the effort of individual or semi-local associations are futile towards abating existing onerous discriminations by the railroads in usages, rates, etc., against lumber manufacturers, the Georgia Sawmill Association passed at its December Meeting a resolution looking to relief in the premises, and said resolution having been also endorsed by the South Carolina Lumber and Supply Association, reading as follows:

Whereas, There is a community of interests between all lumbermen, whether they be manufacturers, wholesalers or retailers, and

Whereas, There have been and are now existing onerous discriminations by the railroads in usages, rates, etc., against lumber manufacturers and shippers in this and other States, and

Whereas, This Association through its members, individually and collectively, has been and is now endeavoring to have such discriminations modified or corrected, and

Whereas, It has had its efforts impeded and in some *some* cases thwarted by coming in conflict with interstate traffic, and having the railroads plead state or local discriminations as an excuse against rectifying the evils complained of, with State Railway Commissions on the other hand pleading their inability to control matters of an interstate character where they exceeded in their operations the confines of their respective States, now therefore be it

Resolved, by the Georgia Sawmill Association in regular session that a committee of three be appointed to attend the forthcoming meeting of the Southern Lumber Manufacturers' Association at Memphis, Tenn., on January 14th and 15th, and then and there request said Association to join with this Association in invoking the active aid of all lumber organizations through the United States in memoralizing Congress,

First, To enlarge the powers of the Interstate Commerce Commission, giving that body jurisdiction over the matters herein com-

plained of, and in further conformity with the recommendations of President Roosevelt in his annual message to the Congress of the United States, now in session at Washington,

Second, To enact such laws as may be necessary to compel railway companies and other public carriers to equip their flat cars used for carrying lumber and timber, with standrods, supports, strips, railings, and other appliances necessary to the safe carriage of such lumber and timbers; to provide that the weights of all the same be included in the weight of cars; to provide pay for the shipper by the carrier in case of default on the part of the latter to properly furnish such equipment, and thus remove one of the most onerous discriminations against lumber and timber operators, lumber being about the only commodity for which cars and rolling stock are not properly equipped for the safe transportation thereof. Heretofore these standards, supports, strips, railings and other appliances having been furnished by the shippers at an enormous cost, not infrequently exceeding in a few years many times over the cost price of said flat cars, for which nothing in return theretofore has been given.

Now, therefore, be it

Resolved, That this Association heartily approve and endorse the above resolution, and hereby earnestly recommend to all Congressmen and Senators, and particularly those from the lumber
1176 producing sections, to carefully investigate as to the grievance complained of, and have prepared such bill or bills as may tend to remove same, and that said bill or bills be introduced in Congress and that they use their best efforts to secure the passage of same; and be it further

Resolved, That the Secretary of the Southern Lumber Manufacturers' Association be hereby instructed to promptly mail a copy of these resolutions to each of the members of this Association, and request them to bring the matter before their immediate Represen-tives and Congressmen, and urge prompt and vigorous action to the end desired; and to all lumber organizations throughout the United States, invoking their active aid as organizations, and also their individual membership to the same end."

April 26, 1906.

(Signed) T. M. MILLER,
Sp'l As't U. S. Att'y, Solicitor for Complainant.
ED. BAXTER,
Solicitor for Defendant.

IN THE

CIRCUIT COURT OF THE UNITED STATES

FOR THE EASTERN DISTRICT OF LOUISIANA.

THE INTERSTATE COMMERCE COMMISSION

versus

THE ILLINOIS CENTRAL RAILROAD COMPANY,
THE GULF & SHIP ISLAND RAILROAD COMPANY,
THE SOUTHERN RAILWAY COMPANY,
THE MOBILE & OHIO RAILROAD COMPANY,
THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY,
THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY,
THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RY. CO.,
THE ALABAMA & VICKSBURG RAILWAY COMPANY,
THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

DEPOSITIONS ON BEHALF OF DEFENDANTS.

FOSTER, WEBB & PARKER, NASHVILLE

IN THE

Circuit Court of the United States

FOR THE EASTERN DISTRICT OF LOUISIANA.

THE INTERSTATE COMMERCE COMMISSION

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY et al.

DEPOSITIONS OF

	Direct.	Cross.
F. B. Bowes	3	9
Haiden Miller	26	30
C. B. Compton	40	48
Elisha Gee	58	65
Thomas P. Hale	81	93
L. Green	118	130
T. F. Steele	135	147

MR. T. M. MILLER, Counsel for Complainant.
MR. ED. BAXTER, Counsel for Defendants.

IN THE

CIRCUIT COURT OF THE UNITED STATES

FOR THE EASTERN DISTRICT OF LOUISIANA.

THE INTERSTATE COMMERCE COMMISSION

versus

THE ILLINOIS CENTRAL RAILROAD COMPANY,
THE GULF & SHIP ISLAND RAILROAD COMPANY,
THE SOUTHERN RAILWAY COMPANY,
THE MOBILE & OHIO RAILROAD COMPANY,
THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY,
THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY,
THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RY. CO.,
THE ALABAMA & VICKSBURG RAILWAY COMPANY,
THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

The depositions of F. B. Bowes, Haiden Miller, C. B. Compton, Elisha Gee, Thomas P. Hale, L. Green and T. F. Steele, witnesses for the defendants in the above styled cause, taken at Nashville, Tennessee, February 8-9, 1906.

Formal notice, caption, certificate and the signatures of the witnesses being waived, and the depositions taken by consent of parties.

F. B. Bowes, a witness for defendants, being first duly sworn, deposed as follows:

DIRECT EXAMINATION.

By Mr. Ed. Baxter:

Q. You have heretofore testified in this case before the Interstate Commerce Commission, have you not?

A. I have.

Q. You filed as Exhibit "C" to your testimony in this case before the Commission a statement showing the amount of pine lumber through Cairo and Mounds, Ill., for the year 1903 as compared with the year 1902; have you caused to be carefully compiled a similar statement for the calendar years 1904 and 1905? If so, please file the same as Exhibit "C–No. 1" to your deposition?

A. I have and I file same as requested.
(Paper marked Exhibit "C–No. 1.")

Q. State the total expenditures on account of construction and on account of equipment charged to operating expenses by the Illinois Central Railroad Company during the fiscal years ending June 30, 1903, 1904, and 1905 on lines south of Cairo?

A. Nothing on account of construction or on account of equipment was charged to operating expenses, but during the fiscal years ended June 30, 1903, 1904, and 1905 there was expended for construction on lines south of Cairo the following sums, which were charged under the head of permanent expenditures:

1903	$3,509,080 26
1904	3,817,544 84
1905	1,141,625 16

No charges were made for equipment during those years.

Q. In charging said items to permanent improvements, were they paid for out of the earnings, or were they paid for by the issuance of bonds or stocks?

A. I cannot answer that.

Q. State whether or not, since 1903, when the testimony in this case was taken before the Commission, there have been any further increases in the prices paid by the Illinois Central Railroad for steel rails, poles, lumber, locomotives, box, flat and coal cars, wages of engineers, firemen, brakemen, switchmen and trackmen?

A. Since 1903, there has been an increase in the prices of material paid by the Illinois Central Railroad, as follows:

Steel rails	No increase.
Coal	10 per cent increase.
Lumber	15 per cent increase.
Locomotives	3 per cent increase.
Box cars	14 per cent increase.
Coal cars	27 per cent increase.
Flat cars	25 per cent increase.

There has also been an increase in the wages of employes, such as engineers, firemen, brakemen, switchmen, trackmen and others of approximately $1,200,000 per annum, or about 8 per cent.

Q. If the increases on account of any of the items referred to in my last interrogatory have had a substantial effect in increasing the operating expenses of the Illinois Central Railroad, make such statement as may be necessary to illustrate the nature of the increase?

A. The increase on account of the items specified in the

previous interrogatory and answer, has had the effect of increasing the operating expenses of the Illinois Central Railroad approximately 10 per cent.

Q. State what changes, if any, have occurred, since the last testimony in this case was taken before the Commission, in the circumstances and conditions affecting the reasonableness of the rates on lumber made effective April 15, 1903, from points in Mississippi, Louisiana east of the Mississippi River, and Western Alabama, to Ohio River points and points beyond?

A. The conditions now, and for some time past, have been exceedingly favorable to the manufacturers and shippers of yellow pine lumber. Material increases in the prices of the various grades of yellow pine lumber exist now, as compared with the prices at the time we made the 2 cent advance in the freight rates on yellow pine lumber to the Ohio River. These prices now range from $2.50 per thousand as a minimum, to $10 per thousand as a maximum, over the prices that obtained in 1903, at the time the said advance in lumber rates took place. The lumber manufacturers and shippers on our line have stated to the officials of our road from time to time in the past few years that conditions were all they could desire.

By Mr. Miller:

Counsel for complainant objects to that testimony as hearsay, unless that is limited to the demand and price of lumber, and not to be applied to any question affecting rates.

A. (Continuing). We know from our own experience that it is today, and has been for some time, a question of the ability of the lumber manufacturers and shippers to supply the demand, and that is the condition today.

Q. State whether the prices of yellow pine lumber used by the Illinois Central Railroad have increased or decreased since 1903, and if so, by what per cent?

A. They have increased approximately 15 per cent.

Q. State whether the advance of 2 cents per hundred pounds on lumber rates complained of in this case made by the Illinois Central Railroad was the result of any contract, agreement, combination or conspiracy between that company and its competitors, or whether it was made as a separate and independent action of the Illinois Central Railroad?

By Mr. Miller:

Counsel for complainant objects to this line of inquiry, upon the ground (I may be mistaken about it) that Mr. Bowes' testimony is already in the record on that subject.

A. The advance of 2 cents per hundred pounds by the Illinois Central Railroad was the separate and independent action of that company, and was not the result of any contract, agreement, combination or conspiracy between that company and its competitors.

Q. Explain why it is that the proportions of the through rates, involved in this case, which are allowed to the originating roads on lumber are greater per ton per mile than the proportions accepted by their connections which carry the lumber to the Ohio River, or other ultimate destinations?

A. It is generally recognized by railroads throughout this country, in dividing freight rates on traffic passing over two or more lines, that the originating line, particularly if the traffic originates at local points on said originating line, is entitled to a greater proportion relatively than connections. In some cases

local business, such as I refer to, originating at a local point, frequently takes the full local rate to the junction point, in some cases slightly less. In the case of yellow pine lumber, however, the Gulf & Ship Island Railroad, their maximum local rate to Jackson is 8 cents and our allowance to them is 7 cents, or less than their local rate. But it is self-evident to any one that a connecting line is not desirous of allowing a large proportion, if they can induce the originating line to accept less. Some of the originating lines in the Mississippi Valley, like the Gulf & Ship Island, might be compared to a merchant who has goods to sell, and the connecting lines might be compared to the purchaser who wanted those goods, with the final result that he had to pay the price of the seller. That is substantially what it amounts to in the case of the Gulf & Ship Island road, and for that matter other lines of similar character.

Q. It is stated in the report and opinion in this case, page 514, that "lumber is a low class traffic (Class 6, under both the Southern and official classifications), much below the average classification; but the average rate per ton per mile on lumber originating on the Illinois Central Railroad in 1903 was greater than the average, 5.91 mills, on all traffic. The lumber rates per ton per mile involved in this case are higher than those between numerous other points." Is it true that the average rate per ton per mile on all lumber originating on the Illinois Central Railroad in 1903 was greater than the average of 5.91 mills on all traffic?

A. It is not true, in my opinion.

Q. How do the commodity rates on lumber, which are in controversy in this case, compare with the rates on sixth class traffic between the same points?

A. The commodity rates on lumber are much lower than sixth class rates on other traffic between the same points.

Q. How do sixth class rates compare with the rates on the first five numbered classes?

A. They are lower.

Q. State the number of freight cars constructed or purchased by the Illinois Central Railroad during each of the years 1902, 1903, 1904 and 1905?

A. I telegraphed our General Manager last evening for this information, but have not received his reply, and therefore cannot answer it.

Q. How does the expense to the carrier for transporting lumber now compare with the expense in 1903, and how does the price of lumber received by the shippers now compare with the price received by them in 1903:

A. The expense to the carrier for transporting lumber now, as compared with the expense in 1903, is approximately 10 per cent greater, while the prices of lumber received by the shippers now, as compared with 1903, is very much greater, the prices in 1903 and at present being shown in a table published in The American Lumberman, copy of which I have here.

CROSS-EXAMINATION.

By Mr. Miller, for complainant:

Q. Since the question of the manner in which this rate was established, as claimed by the shippers of yellow pine before the Commission, has been brought up again, I wish

to ask you whether you attended any conferences between the traffic representatives of the Illinois Central Railroad, the Southern Railway, the New Orleans & Northeastern, the Louisville & Nashville, and all traffic managers of the roads west of the Mississippi River, the conferences beginning at St. Augustine, Fla., in December, 1902, and winding up at the Southern Hotel in St. Louis, about January 30, 1903?

A. I attended one conference at New Orleans following the discussion which took place at St. Augustine. I do not recall the date, but I think it was early in January, 1903. At this discussion, however, the Arkansas lines were not present.

Q. Well, didn't the meeting of the traffic men representing various roads east of the Mississippi River adjourn the New Orleans meeting on account of the failure of the Western roads, that is to say, roads west of the river, to have representatives at that meeting, and didn't they adjourn to St. Louis in order to continue the lumber rate discussion or project?

A. The discussion at the New Orleans conference, which I attended, was of an informal character. The views of the various representatives were given, as to the idea of an advance in the rates. As a result of that discussion, the individual members or representatives of the so-called east side lines, all stated that nothing could be done, of course, without or until the Arkansas lines gave their views as to whether it was desirable or not, and the meeting adjourned with that result.

Q. Well, now, it is true, Mr. Bowes, isn't it, that the eastern lines, which belong to the Southeastern Mississippi Valley Association, met almost immediately after the adjournment at New Orleans, at the Southern Hotel in St. Louis, and the lines west of the river met at the Fullerton Building, and that conference

committees were appointed on the part of both meetings to confer on that subject?

A. I did not attend the St. Louis conference, and in testifying I like to confine my answers to just what I saw and did myself.

Q. Do you know anything of the effort on the part of Mr. Washburn, then Chairman of the Southeastern Mississippi Valley Association, to induce the Traffic Manager of the New Orleans & Northeastern to assent to the proposition to advance the rate 2 cents?

A. I don't recall that.

Q. You are not prepared to say, are you, Mr. Bowes, that the Illinois Central originated this project to advance the rate on yellow pine lumber, or that the Illinois Central would have made the advance, unless it were concurred in by the other roads?

A. As my memory serves me now, the Illinois Central had felt for some little time, that the lumber rate should be advanced. I take it other lines felt the same. And at the first opportunity the question was discussed, and ideas interchanged, to see what the conditions were in the various localities served by the different railroads, as a result of which, and the conditions prevailing at the time, the Illinois Central management considered that it was not only desirable to make a slight advance, but entirely justifiable, and we so stated that as our opinion.

Q. Don't you know that that whole movement originated with the Southern Railway a short time after it acquired the Mobile & Ohio?

A. I couldn't answer that, I don't know that that is the case.

Q. You don't know who called that meeting at St. Augustine?

A. I do not, but my understanding was, it was an informal discussion; no meeting at all, no formal meeting for that purpose. The different gentlemen who were there in attendance at a joint convention took up other matters entirely, and they discussed this out of meeting hours, "on the side" so to speak.

Q. Mr. Bowes, wasn't there some difficulty and delay in inducing the roads west of the river, the Iron Mountain and the Kansas City Southern, and others, to come into that arrangement or proposition?

A. I cannot say that that was the case. I did not attend the St. Louis meeting and I cannot answer the question definitely the way I would like to for that reason.

Q. You never saw the correspondence on the subject between the different roads, the telegrams, and minutes of those meetings, did you?

A. I saw some of the correspondence, yes, sir.

Q. Well, did not all the members of the Southeastern Tariff Association come in at the same time, and make the same advance effective at the same time?

A. My understanding is, that the advance never took place in the southeast.

Q. Well, they published an advance, didn't they?

A. I believe they published a tariff, but were enjoined from its operation.

Q. And as soon as that injunction was withdrawn they put it into effect?

A. They put a tariff into effect, as I recall it, the following June.

Q. The 24th day of June?

A. Yes, sir.

Q. But they had published a simultaneous corresponding advance?

A. They had published a tariff, but I do not recall ever seeing any one of the individual southeastern tariffs, but I understand it generally, they did publish a tariff effective April 15, but never made it operative on that date.

Q. Mr. Bowes, you stated a while ago that although the prices of lumber are very much higher now than in 1903, at the time this advance was put on, the expenses to the carrier of transporting it is 10 per cent greater now than then?

A. Yes, sir.

Q. Do you reach that figure by an actual calculation from details, or is that just a general conclusion?

A. The figures are furnished me by our General Manager in a letter in answer to my request.

Q. Do those figures relate entirely to the cost of transporting lumber, or is it an average made of the cost of all transportation?

A. It covers the cost of handling all our commodities, is 10 per cent greater.

Q. You don't undertake to say, by any figures in your possession, the particular cost of handling lumber is that much greater, do you?

A. No, sir.

Q. You mean to say then, the expense of operating has increased 10 per cent?

A. Yes, sir; that is, it costs the company approximately 10 per cent more now than it did in 1903 to handle all traffic.

Q. You assume, of course, that lumber has contributed to that increase in proportion to other freights?

A. I assume, and I think very safely, that it should do so.

Q. What is the average rate per ton per mile on all traffic of the Illinois Central Railroad, you may say, in 1904 or 1905?

A. I think in 1904 it was 6.07 mills per ton per mile; 1905, 5.87 mills per ton per mile. I won't be positive on just those decimals, but I think they are correct.

Q. That would indicate a reduction in the schedule of charges in 1905 over 1904?

A. No, not at all.

Q. Why should the average be lower, unless there had been a reduction in the schedule?

A. I think in our case that can be explained easily. The Illinois Central handles a large tonnage of coal, approximating one-third of its entire traffic. The rates on coal, and consequently the rates per ton per mile on coal, are low. The more coal we carry, the more commodities bearing a low rate, such as coal, necessarily the rate per ton per mile will be brought down, and not that the question of freight rates was the cause, for the reason that that was not the case.

Q. Do you know the average rate per ton per mile charged for the transportation of coal by the Illinois Central Railroad?

A. We have those figures, but I haven't them with me. My recollection is, on bituminous coal, it is less than 4 mills.

Q. Mr. Bowes, you said awhile ago that the Interstate Commerce Commission was in error in its statement that the rate on yellow pine lumber was above the average rate on freight of all descriptions handled by the Illinois Central Railroad. Did you refer to the present time, or the time the Commission had in view?

A. I had in mind the time the Commission had in view, as well as the present.

Q. Do you recall what the average rate was in 1903, on all classes of freight over the Illinois Central Road?

A. 1903, all freight, 5.91.

Q. What was the average then on yellow pine lumber?

A. I don't think that was ever figured out on all the shipments over the Illinois Central Railroad at any time, and never has been figured out yet, and I am, therefore, at a loss to know from what source or by what means the Interstate Commerce Commission became possessed of information on that point. I have never seen it figured out.

Q. Well, for your information, I will state, if you do not recall it, that there was a good deal of testimony in this case, which related to the freight rate from McComb City, taking that as a working average haul to Cairo and Chicago.

A. I recollect that.

Q. And the rate per ton per mile was figured on that basis for an average. Don't you recall that?

A. I recall McComb City being used for the purpose of illustration, as a representative point, but the test does not warrant the Interstate Commerce Commission, or anybody else, in making the statement that McComb City to Chicago constitutes a basis of making a greater rate per ton per mile on yellow pine lumber than on the general average of the road, for it is well known, and requires only a pencil and paper to show it, that a large amount of our traffic, lumber traffic, going to our Iowa territory, for instance, is way below the rate per ton per mile from McComb City to Chicago.

Q. I don't understand. You mean lumber originating in Iowa?

A. No, on our line, at McComb, going to Iowa. And the only way to determine accurately, just what the rate per ton per mile on yellow pine lumber, originating on our road, would be to take the shipments for either a whole year, or representative months, say four representative months, for approximation purposes, and figure it out. For illustration, the rate to Omaha from McComb City is 23 cents per hundred pounds, as I recall it. We make that rate to meet the competition of Arkansas. Figure that out at the distance from McComb City to Omaha, and you don't get 4 mills. And what is true of Omaha is true of any city in Iowa which we pass through (although not to as great an extent) until we come down to Dubuque. To Dubuque, Sioux Falls, Sioux City, Cedar Rapids, representative points reaching consumers of lumber, we bring about this low rate per ton per mile, so that, to get the exact rate per ton per mile on yellow pine lumber, we have got to either take the business for a year, or four months and multiply by three.

Q. That has not been done, so far as you know, has it?

A. It has not been done, to my knowledge.

Q. Wasn't it considered in that case that it was a fair trial, to take representative points of origin and representative points of destination and get at the average, wasn't that the method pursued in that case? For instance, they took 80 miles, I think, as the average on the Gulf & Ship Island from Jackson, and then took McComb City, about the same distance down on the Illinois Central proper, and then took representative points in Illinois and Indiana, and in Central Traffic territory, in order to get the average. Wasn't that the practice pursued in that case?

A. I think we selected representative points, but I don't know that it was agreed to by counsel on both sides that that would be fair.

Q. I don't mean to say an agreement, but wasn't that the method pursued all around?

A. We selected representative points, but I think you will readily see, and anybody will see, that with the diversified situation and with the great territory served by the Illinois Central, with its own rails and connections, that the only true way, or only way to get that accurate, would be to take the entire business.

Q. You don't know anything about the volume of movement to those extreme points, like Omaha or Minneapolis, over your line, do you?

A. Not in car loads, but in a general way that business has increased. And I can recall, as another point, Mr. Butterfield's own business to Boston. They have connections in Boston which enable them to ship considerable quantities of lumber, and the

rate per ton per mile that we get up to our Illinois junctions on Boston lumber is very much less than we get on Chicago lumber. And that business has been considerable, as he knows.

Q. Well, there isn't anything now in your system of bookkeeping that would enable you to tell the average rate per ton per mile on any particular class of traffic, is there?

A. Well, we have lumber as a whole, covering products of the forest. Now, we know on that class, we have got that accurately, but there is, of course, various kinds of lumber. We haven't got it separated to show what yellow pine lumber is.

Q. I will ask you, do you know anything about the fact that there was a great reduction in the number of cars built by the railroads or for account of the railroads, running from 1903, to some time about October or November, 1904, and if so, how it happened?

A. I believe there was a retrenchment in the direction of car building and car purchasing during that period. I only know that from hearsay, however.

Q. Well, you do know, as a railroad man, in the business and familiar generally with what is going on, that there was an enormous increase in the output of cars from, say, about the first of October, 1904, up to the present time; you know that, don't you?

A. I understand, in a general way, that during that period the demand was much greater.

Q. Do you recall what steel rails were worth in 1903?

A. I do not know. Our General Manager says there has been no increase in the price of steel rails.

Q. Well, hasn't there been a very great decrease?

A. I don't know that.

Q. You say, Mr. Bowes, that it is the general practice, or it is generally recognized, that the line originating traffic is entitled to a relatively greater proportion of the through rate?

A. Particularly from its local stations; yes, sir.

Q. And particularly from its local stations?

A. Yes, sir.

Q. Isn't the division allowed the Gulf & Ship Island Railroad, for instance, in excess even of that principle? Say, 7 cents for an average haul of 80 miles, against the same amount, prior to this advance by your road, for carrying the same lumber 365 miles? Isn't it true now that the Illinois Central made a ten year contract to get that lumber from the Gulf & Ship Island Railroad and virtually bought that traffic as the highest bidder?

A. We had a written understanding with the Gulf & Ship Island people for a term of ten years, but subject to cancellation on sixty days' notice, as I recall it, so it is a thing that can be broken.

Q. The illustration you gave a while ago about the merchant, the buyers and sellers; that just about represented the condition down there with reference to the traffic of the Gulf & Ship Island, didn't it?

A. So far as we were concerned, we couldn't get the traffic at any less figure. We tried to do so, but we couldn't.

Q. Well, if the Illinois Central had been the only outlet, it wouldn't have been compelled to make any such concession as that, of course?

A. Possibly not.

Q. Because the Gulf & Ship Island would have been just as dependent on the Illinois Central, as the Illinois Central would have been on the Gulf & Ship Island.

A. If we were the only outlet, I dare say we could have made better terms.

Q. When you speak of originating lines, you refer to railroads proper, and not to roads that serve mills?

A. I refer to railroads proper, in the ordinary sense.

Q. To the finished product?

A. Yes, sir.

Q. The Illinois Central never recognized any claims of such as are known as "tap lines" demands, did it until lately.

A. Not until the first of this month.

Q. That is only a little matter of 2 cents, is it?

A. Yes, sir, 2 cents. It is our aim not to make it uniform 2 cents, but to pay less than 2 cents when the road is a short one, as against some of the longer lines.

Q. Have you any idea whether or not that was due to the invasion of that territory by the Goodyears and their project to build a trunk line railroad from down about Covington, La., extending the East Louisiana up in the direction of Memphis; did that have anything to do with it?

A. Yes, that had an influence with us in deciding on this course.

Q. Do you know anything about the increase of operating expenses among the producers of lumber, whether there has been any in the last year or two?

A. I do not.

Q. I want to know whether you know anything of the question of increase or decrease in the operating expenses of the lumber people; you have told us about the advance in the price of lumber. Do you know anything about that personally, yourself?

A. About the operating expenses?

Q. Yes, of the lumber people?

A. No, sir; I do not.

Q. You told us about the increase in the expense of operating the railroads; do you know whether or not the net earnings of the Illinois Central Railroad have increased since this case first began before the Interstate Commerce Commission, and if so, to what extent?

A. I would have to have the figures and the annual reports to show just that.

Q. Have you no figures with you, Mr. Bowes?

A. I know now, this present fiscal year, we are behind, sir.

Q. Beginning when?

A. The first of July.

Q. The first of July?

A. Yes, sir.

Q. Well, it has several times happened in the history of the Illinois Central that she has run behind during the first six months of her fiscal year and made it up the last six months or the second half, hasn't it?

A. I cannot answer that.

Q. Notably, 1902–3?

A. We are away behind at the present time on our net for this fiscal year.

Q. Well, what about last year, 1904–5?

A. We were ahead.

Q. How did that compare with 1903–4?

A. I could't answer that.

Q. Don't you know it showed a very considerable increase?

A. Our earnings for 1905 were greater than they were for 1904, and our earnings for 1904 were greater than they were for 1903.

Q. And for 1903 were greater than for 1902?

A. Yes, sir; and the prospects are, at the present time, for this fiscal year, that they will be less than they were for 1905, both in gross and in net.

Q. Where does the falling off in traffic show itself, Mr. Bowes?

A. There have been several causes. The yellow fever quarantine in the commencement of the fiscal year and extending over quite a few months, has had a direct effect on the earnings,

both in passenger and freight. And that, coupled with the decrease due to the heavy passenger business the year before on account of the St. Louis exposition, has contributed to the showing of this fiscal year up to date, much less in gross and in net than the same period last year.

Q. Well, the quarantine didn't affect the lumber traffic, did it, to any extent?

A. I suppose the lumber business was indirectly affected to some extent. I couldn't answer definitely.

Q. I think your tables show an increase in the movement of lumber over your lines over the previous year?

A. It might have been greater if it had not been for the quarantine.

Q. It might have been still greater?

A. I say it might have been. I think all those things were bound to have some effect.

Q. As compared with the previous year, it was greater, notwithstanding the quarantine. I haven't the details, but it ought to have had some effect on lumber even, because they didn't have the cars, I should judge?

A. It showed an increase right along through that period.

Q. Showed an increase?

A. Yes, sir; showed an increase right along.

Q. Lumber is all-the-year traffic, isn't it?

A. Yes, like coal and grain and other commodities.

Q. Has the Illinois Central added very largely to its equipment of flat cars since 1903?

A. I have just received a message from our General Manager. He says:

5,140 cars constructed and purchased during 1902;
11,458 cars constructed and purchased during 1903;
3,815 cars constructed and purchased during 1904;
2,519 cars constructed and purchased during 1905.

Q. You don't know, then, how many new flat cars have been acquired by the Illinois Central since 1903?

A. I do not.

Q. Well, now, when you state that there has been an increase in the cost of lumber of 15 per cent, locomotives 3 per cent, box cars 14 per cent, coal cars 27 per cent and flat cars 25 per cent, you don't state that from your own personal knowledge, do you?

A. No, sir. The General Manager gave me the information.

Q. And you say wages advanced approximately $1,200,000?

A. Yes, sir.

Q. In what year was that?

A. Since 1903, $1,200,000 per annum since 1903.

Q. Per annum?

A. Yes, sir.

Q. Well, do you know when the greatest increase was; what year?

A. I can't say.

Q. Hasn't there been, and wasn't there a decrease in 1904?

A. I cannot answer that. I don't think there has been.

Q. Have you an annual report of the Illinois Central Railroad, made to the stockholders for the year ending June 30, 1905?

A. I haven't it with me, but I can furnish it.

Q. I will be exceedingly obliged to you, Mr. Bowes, if you will obtain and have filed as a part of your testimony in this case, the annual reports of the Illinois Central Railroad to its stockholders, for the years ending June 30, 1904, and June 30, 1905.

A. I will do so.

Q. Without the documents before you, you are not able to state what has been the increase in the net earnings, if any, of the Illinois Central, since 1903, per annum?

A. No, sir.

Q. Do you know whether there has been any large increase in the tonnage handled by the Illinois Central since the beginning of 1903?

A. There has been.

Further this deponent saith not.

(The signature of witness is waived.)

Said witness, Haiden Miller, being duly sworn, testified as follows:

DIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. Have you heretofore been examined in this case before the Commission, Mr. Miller?

A. Yes, sir.

Q. State whether or not your duties have required you to familiarize yourself with the changes in rates on yellow pine lumber from Southern and Southwestern points to points on Ohio River and beyond?

A. Yes, sir, they have.

Q. Give a history of the lumber rates from points in Arkansas, Louisiana west of the Mississippi River, and Texas, to Cairo and other Ohio River crossings?

A. On February 7, 1903, the St. Louis & Southwestern (Cotton Belt Route) published their Supplement No. 5 to Tariff No. 2948, announcing an advance, effective March 1, 1903, of 2 cents per hundred pounds on yellow pine lumber from points on their line to St. Louis, East St. Louis, Cairo, etc., and points basing thereon. Supplement No. 8 to the same tariff postponed said advance from March 1 to April 1, 1903. Supplement No. 9 to the same tariff postponed the advance from April 1 to April 15, 1903, and on the latter date the advance became effective. In Supplement No. 13, which was issued May 6, 1903, they restored, effective May 11, 1903, the rates that were in effect prior to April 15, and continued the rates in effect prior to April 15, to August 15, 1903. On May 27, 1903, they reissued their rates on lumber under their Tariff No. 3120, cancelling their Tariff No. 2948, which

continued the former rates. On July 2, 1903, they issued Supplement No. 3 to their Tariff 3120, again reinstating the advance of 2 cents on yellow pine lumber, the same becoming effective August 15, 1903; and the advance has remained in effect continuously since that time.

Q. Have you caused to be correctly compiled a statement of the movement of lumber via Mobile & Ohio Railroad to Ohio River points and beyond for the years 1902, 1903, 1904 and 1905, shipped from the territory in controversy in this case?

A. I will give the figures first requested, which are as follows:

Via Mobile & Ohio Railroad to Ohio River points and beyond, for the year,

1902 ..... 528,167 tons
1903 ..... 531,211 tons
1904 ..... 462,408 tons
1905 ..... 537,118 tons

Q. State whether or not the expenditures of the Mobile & Ohio Railroad on account of construction and on account of equipment are now, or have in the past been charged to operating exenses?

A. No such expense is charged by us to operating expense.

Q. What is it charged to?

A. That I cannot answer.

Q. State what changes, if any, have occurred since the last testimony in this case was taken before the Commission in the circumstances and conditions affecting the reasonableness of the

rates on lumber made effective April 15, 1903, from points in Mississippi, Louisiana east of the Mississippi River, and Western Alabama, to Ohio River points?

A. My understanding is that the changes in the conditions surrounding the lumber traffic have been directly in favor of the lumber shippers and dealers, in that both the demand and the prices obtained for lumber have increased in that period.

Q. State whether, since 1903, there have been any further increases in the prices paid by the Mobile & Ohio Railroad on account of the following, and if so, state the amount of such increases, viz: Steel rails, coal, lumber, locomotive, box, flat and coal cars, wages of engineers, firemen, switchmen and brakemen, or other employes?

A. I have no detailed information on that point, but my understanding is, that wherever changes have been made in that time, it has been in the way of additional cost to the company.

Q. Explain why it is that the proportions of the through rates involved in this case which are allowed to the originating roads are greater per ton per mile than the proportions accepted by their connections which carry the lumber to the Ohio River, or other ultimate destinations?

A. Greater proportions, from a rate per mile standpoint, are generally allowed originating lines in the South on their local traffic than might be allowed the same line at the same time on traffic coming from some point beyond its rails. There are several reasons for this. Among others, it is considered that the local traffic of a given line might be considered a part of its capital, and by reason of custom growing out of this, this plan has been pursued. Furthermore, where a line originating local traffic, as in this instance lumber, has two or more connections, competition between those connections naturally has weight in the allowance made the originating road.

Q. It is said in the report and opinion in this case that "lumber is a low class traffic (class 6 in both the Southern and Official Classifications), much below the average classification." Is it true that lumber is in class 6 in both the Southern and Official Classifications, and is it true that class 6 is below the average classification?

A. It is true that lumber is classified in both the Official and Southern Classifications as sixth class. It is further true that sixth class is lower than the average classified rates. The rates on lumber, as an invariable rule, when shipped in carload quantities, are much less than sixth class rates themselves.

Q. How is it with reference to the rates on lumber complained of in this case; are they higher or lower than sixth class rates between the same points?

A. Very much lower.

Q. State whether or not the Mobile & Ohio Railroad has, since February, 1904, contracted to purchase new equipment in the way of freight cars, and if so, how many?

A. It has made two or more contracts for the purchase of new equipment since that date, but I am unable to give you the exact number or kind of cars. I have telegraphed our General Manager for that information, and should have it during the day, and will file it if desired.

Since writing the above I have received the following telegram:

"Since February, 1904, we have purchased 1,650 box cars, 700 gondolas, 250 hopper cars, 150 stock cars and 100 Rogers ballast cars, and now have ordered the following cars, which have not yet been delivered: 900 box cars, 100 furniture cars and 200 gondolas. We have built about 50 gondolas at our own shops since February, 1904.

CROSS-EXAMINATION.

By Mr. Miller, for complainant:

Q. Mr. Miller, in these contracts for new cars, do you know whether they are larger or of greater capacity than the cars previously in use or previously acquired?

A. I would say in reply to that, that my understanding is that such cars as we have ordered in the past two or three years have been of the selected standard 36-foot 60,000 pound car.

Q. Sixty thousand pounds?

A. Yes, sir.

Q. You don't know what proportion, of course, what the proportion is of flat and other kinds of cars?

A. I have not received that information.

Q. Mr. Miller, what has been your observation in regard to the practice of lumber shippers in respect to loading cars up to the full capacity, of late years?

A. Well, so far as my knowledge goes, we have had very little trouble on that point.

Q. I suppose you know nothing of the question whether or not there has been a great increase or any increase in the cost to the lumber people of manufacturing lumber?

A. I have no knowledge on that subject.

Q. Do you know whether the gross and net earnings of the Mobile & Ohio Railroad have increased since 1903?

A. My understanding is that they have increased. That fact is fully covered by our annual reports, which I shall be glad to file if you would like to have them.

Q. I would be glad if you would.

A. Yes, sir. What years do you want?

Q. For the years ending June 30, 1904, 1905, two reports.

A. I will file same.

(It is agreed by counsel that the above annual reports may be forwarded to counsel and such parts filed and used as a part of the testimony of the witness as may be desired, subject to objection for incompetency or irrelevancy.)

Q. Do you know anything about the arrangement between the Illinois Central and the Gulf & Ship Island Railroads whereby as much as 7 cents per hundred pounds was allowed for an average haul by the Gulf & Ship Island of, I think, 80 miles, when the rate to Cairo by the Illinois Central was 14 cents?

A. I know of this arrangement by hearsay.

Q. It is a well-known fact among railroad traffic people?

A. It seems to be a matter of common information.

Q. Well, wouldn't that be deemed an extravagant allowance even in view of the custom of recognizing the right on the part of the originating line for its local traffic to get a greater relative proportion?

A. I couldn't say as to that.

Q. Do you know of any custom that justifies any such allowance as that, independently of a case of competitive bidding for the traffic?

A. I think Mr. Bowes testified that it was competition that caused it.

Q. I understand that. I asked you if you knew of any case, where there was only one outlet, where any such allowance is made?

A. They have more than one outlet, as you know.

Q. I understand that, but I am asking you if you know of a case, any such case where such a large proportion was allowed the originating line, where there was no other outlet and no competition?

A. I have no knowledge of any greater allowance being made.

Q. Have you any knowledge of as great an allowance as that being made to an originating line?

A. No, sir.

Q. You never allowed an originating line on a few miles haul more than 3½ cents a hundred pounds, on the Mobile & Ohio, did you—the Robinson case, for instance?

A. You are referring, perhaps, to the so-called tap-line allowances?

Q. Yes, sir.

A. Roads that were primarily logging roads and afterwards became chartered?

Q. Yes. Three and a half cents is the greatest allowance you ever made?

A. Three and a half cents is the maximum allowance we have ever made.

Q. You have nothing to do with the keeping of the books and accounts of the Mobile & Ohio, have you, Mr. Miller?

A. No, sir.

Q. You have charge of the traffic department?

A. Freight traffic.

Q. Freight traffic?

A. Yes, sir.

Q. I suppose these annual reports show what disposition is made of all receipts?

A. The usual form of annual report, yes, sir.

Q. When you make the general statement that expenses for construction or equipment were never charged to operating expenses, you just say that from your common understanding?

A. No, I say that from direct information furnished me by our General Manager, who does take direct charge of that.

Q. Who compiled the statement showing the movement of cars to Ohio River crossings of the Mobile & Ohio, which you refer to?

A. Our auditor.

Q. Have you any means of accounting for the large decrease in 1904 over 1903? I notice that in the latter year there was 531,211 tons, and the former, 1904, 462,408, or a falling off of about 69,000 tons. Have you any means of accounting for that?

A. Only that the demand for lumber for the purpose of building cars by the railroad companies was, during part of 1904, probably considerably less than it was in 1903.

Q. Do you remember what caused that slack demand for cars on the part of the railroads in 1903, wasn't there some special reason for that, Mr. Miller, that you are acquainted with?

A. You mean 1904?

Q. Well, the latter part of 1903, yes, and in 1904. Are you aware of any special reason that accounts for the slack demand for cars that year?

A. You mean slack orders for cars.

Q. Yes?

A. I could only reply to that in a very general way, and I really would not feel that my opinion would be worth very much; only speculation. I don't know definitely.

Q. Well, let's have that, if you please?

A. Well, it was claimed that the Presidential election had something to do with it.

Q. The what?

A. The Presidential election; I believe some people laid considerable stress on that, and probably there was a fear of that kind and perhaps feeling that the volume of business might be curtailed.

Q. As a matter of fact, there was no curtailment of the volume of business at that time, was there?

A. Our movement of lumber shows there must have been a curtailment in the movement of lumber at least.

Q. In other respects, are you aware of any?

A. Generally speaking, no.

Q. You don't know of anything to affect the price of steel rails, in that falling off in the orders for cars, do you?

A. No, I have no information.

Q. You heard of nothing of that sort among any of the railroad people at that time?

A. No, sir.

Q. Isn't it your observation, Mr. Miller, that there has been a continuous increase in the traffic handled by your road during the last three years, varying in volume only from time to time?

A. That is true.

Q. There has been an increase in the net earnings during these last several years, as I understand?

A. On that point I would prefer that you refer to the annual report.

Q. Now, isn't it a part of the history of railroads in this territory, known to all railroad people, that there has been a steady increase in the amount of net earnings during the last three years, including the present?

A. I can't say that. It varies.

Q. Haven't you curtailed the expense of operation on the Mobile & Ohio within the last two years, or within one of the last two years?

A. Again, I will have to refer you to the annual report.

Q. Well, hasn't lumber always been considered a low class traffic, and ought it not to be, on general traffic principles, Mr. Miller?

A. Well, it has been a low class traffic, as compared to some other articles.

Q. Well, there is very little risk in handling lumber, isn't there?

A. Compared to some other things; yes, sir.

Q. The shippers do the loading and the consignees the unloading of it, as a rule, don't they?

A. Yes.

Q. It is an all the year traffic?

A. Yes, sir.

Q. Moves in box or flat cars; almost any car or sort of car you have will do for lumber, won't it?

A. Well, it moves in either box or open cars; yes.

Q. Do you recollect the average capacity of the cars you built prior to 1903?

A. No, sir. For some years we have been trying to work to the 60,000 pound capacity; that has been our effort.

Q. But generally they were below that, were'nt they, Mr. Miller; the cars built for the Mobile & Ohio?

A. Well, I guess that was true.

Q. You have been working up gradually?

A. There has been an effort during the last several years to do that.

Q. All your equipment ordered for the last several years has been ordered up to that standard?

A. Sixty thousand pounds, or more.

Q. And your locomotives, of course, were heavier?

A. Heavier.

Q. The purpose being, of course, to cheapen the expense of operation, hasn't it been?

A. Well, it has been to give a greater tonnage moving power.

Q. Well, have you had the same difficulties in regard to congestion of freight for the last two years as you had in 1902 and 1903?

A. Well, I don't recall any especial congestion in 1902 and 1903. As a rule, we are able to handle our traffic with expedition.

Q. There was testimony, I think, in this case, that even on your line, there were long and frequent delays in forwarding lumber on account of conditions beyond your control?

A. Was that a case of lack of cars?

Q. I don't know, I think it was said to be lack of yard room and things of that sort.

A. It is posssible that testimony was given with reference to some trouble we had in our Meridian yard at one time. That has been overcome by putting in new tracks and extending the yards.

Q. There is no great delay, then, encountered in handling your traffic out of Meridian?

Q. Under normal conditions there is no reason why there should be.

Q. Do you know whether, generally, that congestion has affected Southern railroads in the last two years?

A. No, sir, I do not.

Q. You know, don't you, that in 1902-3 there was a universal complaint among the railroads themselves about the tremendous difficulty in taking care of the traffic that was tendered?

A. I do remember several complaints from various points about that time.

Q. It was almost impossible to get an adequate number of cars to handle the traffic, and there was a perfect deluge of business?

A. Well, about that time business increased materially.

Q. There has been no diminution in the business since, has there, Mr. Miller, that you are aware of?

A. No, sir.

REDIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. I understood you to say, on cross examination that the Mobile & Ohio allowed 3 or 3½ cents per hundred pounds on lumber to certain originating roads. What was the average length of the haul made by said originating roads?

A. The average length of haul, having in mind the several short lines with which we have these arrangements, would be, I should say, ten miles.

Q. Do you remember the year in which the buildings of the St. Louis Exposition were put up or constructed?

A. The St. Louis Exposition was opened in May, 1904, and the buildings were in course of construction for two years, perhaps more, prior to that time.

Q. Was the amount of lumber used in the construction of those buildings large or small?

A. Very large.

Q. You were asked in your original examination as to what advance had occurred, if any, in the price of material used in maintaining and operating your road, and you were not prepared to answer it. Are you now able to do so?

A. Yes, sir; I have received a telegram from General Manager Taylor, of our company, as follows:

"The advance in wages since February, 1904, has not been sufficient to make an appreciable increase in cost of operation. There has been a radical advance in the price of material used in maintaining and operating railroads, amounting to probably forty per cent (40%) which would be represented by a corresponding increase in the cost of operation of about ten per cent (10%)."

(Counsel for complainant desires to note an objection to this testimony, first, because hearsay, and second, because no details are given, but a mere statement of a conclusion, and no opportunity is afforded to inquire into particulars, which is really the main objection.)

RECROSS EXAMINATION.

By Mr. Miller, for complainant:

Q. I will ask you, Mr. Miller, whether you personally are familiar with the various increases in the cost of material used in operation?

A. No, sir; my information comes from our operating department.

Q. You don't know how the 10 per cent stated is arrived at?

A. No, sir.

Q. Well, now, these new cars that have been built and bought since February, 1904, are they not considerably larger than the average of cars that you bought or built prior to that time?

A. Without definite knowledge, I should say not, because, as I said this morning, we have, for a number of years, been working toward the 36-foot standard car.

Q. They are above the standard that you had in use ten years ago, are they not?

A. I couldn't say that, sir; I don't know.

Further this deponent saith not.

(The signature of the witness is waived.)

Said witness, C. B. Compton, being first duly sworn, deposed as follows:

DIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. Mr. Compton, you were examined before the Interstate Commerce Commission heretofore in this case, were you not?

A. Yes, sir.

Q. State what changes, if any, have occurred since the last testimony was taken in this case before the Commission, in the circumstances and conditions affecting the reasonableness of the rates on lumber made effective April 15, 1903, from points in Mississippi, Louisiana east of the Mississippi River, and Western Alabama, to Ohio River points and beyond?

A. Improved market conditions and demands for lumber. Locomotive works and car manufactories cannot supply the demand upon them. Business conditions have generally improved and continue to improve, and the end is not yet in sight. In so far as the prosperity of the lumbermen is affected by the general prosperity, they have no cause of complaint and have great cause for satisfaction. The car supply of the Louisville & Nashville Railroad has been taxed to its utmost. This is true with respect to lumber shipments, as well as of commodities in general, although we are now furnishing to lumber shippers on our line more cars than we were called upon to furnish in previous years, yet the supply is inadequate, and no transportation man could possibly have anticipated and been ready for the emergency which has occurred. By reason of shortage of cars, the Louisville & Nashville Railroad has considered that its first duty was to the mill men upon its own line and it has discontinued the sending of cars off its line for loading at mills on foreign roads. The car shortage has been practically continuous since the Presidential election, and still continues, notwithstanding we have substantially increased our rolling stock.

Q. State whether or not you have caused to be made a careful inquiry of reliable lumber dealers at Montgomery, Ala., and at Nashville, Tenn., as to the prices of various kinds of yellow pine lumber at said places respectively, during the months of October 1901, October 1902, October 1903 and October 1904 and June 1905, and if so, file as Exhibit No. 1 to your testimony a statement showing the Montgomery prices, and as Exhibit No. 2 to your testimony a statement showing the Nashville prices.

A. I have compiled the statement referred to, and file as Exhibit No. 1 a statement showing the prices per thousand feet of yellow pine lumber prevailing at Montgomery, Ala., of the descriptions and dimensions shown for the months of October 1901, October 1902, October 1903, October 1904, and month of June, 1905. The statement shows the prices in detail of the various grades of yellow pine lumber. I also file as Exhibit No. 2 to my testimony a statement showing the Nashville market of the various grades of yellow pine lumber in the months of October 1901, October 1902, October 1903, October 1904 and May 1905. The statement shows the prices prevailing at Nashville for each of the months shown.

Q. State whether or not any advance was made in the lumber rates to Montgomery, Ala., corresponding to the 2-cent advance complained of in this case?

A. There was no advance in the rates to Montgomery.

Q. How was it as to the rate to Nashville?

A The rate to Nashville was advanced 2 cents per hundred pounds.

Q. State whether the advance of 2 cents per hundred pounds on the lumber rates complained of in this case, as made by the Louisville & Nashville Railroad, was the result of any contract,

agreement, combination or conspiracy between that company and its competitors, or whether it was made as the separate and independent action of the Louisville & Nashville Railroad?

A. It was made as the separate and independent action of the Louisville & Nashville Railroad and for the Louisville & Nashville Railroad. I, as Traffic Manager, handled it personally.

Q. Well, was it made under any agreement, contract or combination with the other competing lines?

A. It was not made under any contract or any understanding with the other lines. It was the voluntary act of the Louisville & Nashville Railroad.

Q. Have you caused to be compiled a statement showing the amount of movement of yellow pine lumber via Louisville & Nashville Railroad from producing points south of Birmingham to Ohio River points and beyond for the period from December 1, 1902, to December 31, 1905? If so, please file the same as Exhibit No. 3 to your testimony, and state what said Exhibit shows.

A. I have prepared a statement, which I file as Exhibit No. 3. The statement shows the movement of yellow pine lumber by the Louisville & Nashville Railroad from producing points on its line south of Birmingham, Ala., to Ohio River points and beyond, for the period from December 1, 1902, to December 31, 1905; the movement for each month shown separately, expressed in cars and in weights; total for each calendar year is shown, expressed in number of cars and total weight, so as to afford a means of ready comparison of movement. It shows that the movement increased about 30 per cent.

Q. During what period?

A. The calendar year 1905, as compared with the calendar years 1903 and 1904. The movement for the calendar year 1904 vs. 1903, as you will note, is about the same in cars, whereas, in weight, the increase is about 5,000,000 pounds; the movement for 1905 in pounds over the period of 1904 is 151,000,000 pounds. In other words, we have moved during the calendar year 1904 9,170 cars, weighing 384,472,395 pounds, as against, in the year 1905, 12,835 cars, weighing 535,693,119 pounds.

Q. You filed as Exhibit "B" to your testimony before the Interstate Commerce Commission, a statement entitled "Chicago Market on Yellow Pine Lumber, from January 1, 1901, to November 30, 1903." Have you caused to be correctly compiled a statement bringing said information up to date, and if so, please file the same as Exhibit No. 4 to your present testimony, and state what said exhibit shows?

A. I have prepared a statement showing the Chicago market of yellow pine lumber, January 1, 1891, to December 31, 1905, and file the same as Exhibit No. 4. Said exhibit shows the prices of lumber for each quarter of the calendar years 1891 to 1905, both inclusive, the freight rate shown thereon, and the percentage of the freight rates as indicated in the statement to the prices of lumber, as indicated in the statement.

Q. As I understand you, Exhibit No. 4, just filed by you, the second column shows the rate to Chicago, but it does not show from what point that rate obtains?

A. Yes, it does; it shows the freight rate to Chicago from Group No. 1. Group No. 1 is the group from which the so-called standard rate applies. The territory from which the rate applies is south of Montgomery, Ala., and south of Jackson, Miss.

Q. Have you caused to be correctly compiled a comparative statement, showing the prices of yellow pine lumber purchased

by the Louisville & Nashville Railroad Company during the years 1900, 1901, 1902, 1903, 1904 and 1905, of intermediate sills and larger sills used in the construction of cars; if so, please file said statement as Exhibit No. 5 to your deposition and explain what it means?

A. I have prepared a comparative statement which I file as Exhibit No. 5, showing the prices of yellow pine lumber, intermediate and larger sills, purchased by the Louisville & Nashville Railroad during the years 1900, 1901, 1902, 1903, 1904 and 1905, each separate. The statement shows a substantial increase in the prices paid by the Louisville & Nashville Railroad for that class of lumber.

Q. In said Exhibit No. 5 you have referred to intermediate sills and larger sills. State for what purpose that class of lumber is used, and whether or not it is extensively used by your company?

A. That class of lumber is extensively used in the construction of cars. The Louisville & Nashville Railroad purchases of these grades about 4,000,000 feet per annum. We use about 40,000,000 feet per annum of lumber of all kinds.

Q. State whether or not there has been, since February, 1904, when the testimony was concluded before the Interstate Commerce Commission in this case, any increase in the prices of locomotives purchased by the Louisville & Nashville Railroad, and give some estimate of the amount of such increase?

A. The increase in the cost of locomotives built to Louisville & Nashville specifications, is twenty-five to thirty per cent (25 to 30%). The prices of 1905 exceed those of February, 1904, to such an extent that on approximately one hundred locomotives, purchased by the Louisville & Nashville road

subsequent to February, 1904, the extra cost to the company has not been less than two hundred and fifty thousand dollars ($250,000).

Q. How many locomotives has your company purchased since February, 1904?

A. About a hundred.

Q. State whether or not since February, 1904, there has been any increase in the prices of box, flat and coal cars purchased by the Louisville & Nashville Railroad, and whether your company has actually purchased a material number of such cars?

A. There has been an increase in the prices of materials for box, flat and coal cars of about ten per cent (10 %). We do not buy cars outside, but have purchased material with which to build. Since February, 1904, we have built and bought material for about eight thousand (8,000) freight cars, about sixty-five hundred (6,500) of which have been put into service, and about fifteen hundred (1,500) of which are now being completed. The increased cost of those cars, by reason of the increased prices of lumber over those prevailing in February, 1904, has been not less than four hundred thousand dollars ($400,000). We are contracting for and assembling material for two thousand (2,000) additional cars to be built this year at an increased cost of ten per cent (10 %) over the last lot of cars constructed for 1905.

Q. How many cars were constructed by the Louisville & Nashville Railroad in 1904?

A. 1904, about four thousand (4,000) cars. It might have lapped over a little bit into the early part of 1905; 1905, approximately four thousand (4,000) cars, which has lapped very

slightly into 1906. In other words, we have, since February, 1904, put into service sixty-five hundred (6500) cars, and have material on hand for the construction of fifteen hundred (1500) cars, which are now in the course of construction and completion.

Q. How many in 1903?

A. In 1903 we constructed about one thousand (1,000) cars, and in 1902 five thousand (5,000) cars.

Q. Does your company in its purchases of lumber purchase direct from the mills on its lines or foreign lines, and does it receive bills from such mill for such lumber as it purchases?

A. Yes, sir, it does purchase direct from the producers.

Q. Can you state generally by what average per cent the price of lumber purchased by the Louisville & Nashville Railroad in 1905 exceeded the prices paid for similar grades of lumber purchased by said company in 1903?

A. About ten per cent (10 %), taking it as an average.

Q. What was the reason for the falling off in the number of cars constructed in 1903 as compared with 1902 and 1904?

A. Well, in 1903 there was a business depression and caution on the part of all railroad companies which caused them to think that it would be well to restrict the building of cars, as they did not know what the outcome would be. Immediately after 1903 business picked up again, and since that time the conditions in this country have been unprecedented in prosperity.

CROSS EXAMINATION.

By Mr. Miller, for complainant:

Q. Mr. Compton, the large number of cars your company has recently constructed and put into service, and is continuing to put into service, is all to enable the company to take care of the largely increased traffic due to the generally prosperous condition of the country, isn't it?

A. Yes, sir.

Q. Well now, have you with you an annual statement made by the management of the Louisville & Nashville Railroad Company to the stockholders, covering the fiscal years of 1903–4 and 1904–5?

A. No, sir, I have not.

Q. If my memory serves me correctly, Mr. Compton, the report of the Louisville & Nashville for the year ending June 30, 1903, showed a net earning of about $3,400 per mile. Do you know whether there has been an increase of that earning since, whatever it was?

A. As stated before, I have not our annual report with me; I can, if you desire, furnish a memorandum showing the results from operation for the fiscal year 1903–4. I will state that our business has improved subsequent to that time.

Q. Mr. Compton, as a matter of fact, would not the results from operation have been largely more satisfactory for the year 1903, if it had not been for the unanticipated rush of traffic? In other words, was there not a congested condition, so to speak, due to the enormous amount of traffic offered over your lines, even in 1902?

A. My recollection is that the traffic conditions in 1903 and 1904 were such as to not cause any overplus of traffic. That is true with respect to the Louisville & Nashville Railroad, I know. We were very careful in the matter of the adjustment of our rates to see that all the people whom we served, and were dependent on, were well cared for.

Q. Do you mean to say in rates, or the distribution of cars?

A. I am speaking now of the business, not of the rates, but of the cars. We took good care of our patrons. There was a business depression in 1903, and the authoritative financial papers of this country and the business in general will show that such was the case. Subsequent, however, to that time business did improve, has improved and continues to improve.

Q. Well, I am speaking rather now, Mr. Compton, of the improvement in your capacity to handle the business, rather than the volume of the business.

A. Well, our capacities and our abilities to handle traffic have improved. They are better today than they were in previous years.

Q. Don't you remember that it was a common complaint throughout this Southern country among railroads that there was such an enormous traffic in 1902, especially, that with the facilities they had, they had great difficulty in taking care of it?

A. Yes, sir, in 1902; that is true.

Q. And the constant effort has been since that time to make your facilities equal to the demand upon them?

A. Yes, sir. But in the interim, the year following 1902, which is, of course, 1903, there was a falling off and feeling of un-

rest, due to the unsettled conditions of financial affairs, which rectified themselves and started business on its upward movement.

Q. Politics had something to do with conditions in 1903, didn't they?

A. That is my impression.

Q. So understood generally?

A. That is my impression; yes, sir.

Q. I notice, Mr. Compton, in this statement showing the number of cars and the weight of lumber transported over your line, from December 1, 1902, to December 31, 1905, that the increase in weight is out of proportion to the increase in the number of cars. Take the total for 1903, we have 9,199 cars, and the weight, 379,944,307 pounds. Now for 1904, the total number of cars is 9,170, being a decrease of 29, and yet, the weight given is 384,472,395 pounds, or an increase in weight of 4,528,088 pounds and a decrease of 29 in the number of cars. How do you account for that, Mr. Compton; increase in the capacity of the cars or in the methods of loading?

A. It will be noted that for the calendar year 1903, the average lading per car was 41,302 pounds, and for the calendar year 1904, the lading was 41,940 pounds per car; for the calendar year 1905, the average lading per car was 41,740 pounds. The average load per car in 1904, as compared with the average load for 1903 was an increase of 638 pounds per car. The average lading per car for 1905 as compared with 1904 was 200 pounds less. This shows conclusively that the lumber dealers or the saw mill dealers, or the shippers of lumber, do not utilize the car to its capacity. The Louisville & Nashville Railroad has, for the last several years, and prior to 1900, had its capacity

sixty thousand (60,000) pounds as the minimum, and according to this calculation, according to these figures, only two-thirds of the capacity of the car is used.

Q. What is the minimum accepted as carloads on your line?

A. Thirty thousand (30,000) pounds is the minimum.

Q. They must put at least thirty thousand pounds in, in order to get the benefit of the carload rates?

A. Yes, sir.

Q. Is there any difference in the character of locomotives now and those built previously, either in size or construction, on your line?

A. Well, I don't understand what you mean by previously, you mean what time?

Q. I mean those within any recent period.

A. Within a recent period they are substantially the same as they were previously. There has possibly been some increase—what you mean by "recent" may not be the same as I mean by "recent." If you will give me a period I can answer you better.

Q. You said there were a hundred locomotives ordered for 1905, was it?

A. No, we have put in service one hundred locomotives, I said, for the period since February, 1904, one hundred locomotives.

Q. Since February, 1904. Well, was that, or did that one hundred, you say, increase in cost two hundred and fifty thousand dollars ($250,000)?

A. Yes, sir; about two hundred and fifty thousand dollars, equivalent to, say from twenty-five to thirty per cent (25 to 30%), varying according to the specifications of the engine.

Q. Is that to be accounted for in any respect or in any degree by the difference in the size or make of the locomotives?

A. No, sir; this refers entirely to the same class of engines.

Q. Same class of engines?

A. Yes, sir.

Q. In other words, the price of locomotives has advanced about 25 per cent, is that the idea?

A. I didn't say 25, I said from 25 to 30 per cent.

Q. Are you able to state exactly how this advance was brought about and participated in by all the railroads serving the yellow pine region from Arkansas to Georgia, inclusive?

A. I have not the dates in my mind now, but I can give them to you if you desire, showing the dates that the advances occurred. They did not occur on the same date.

Q. As a matter of fact, did not the Louisville & Nashville file with the Interstate Commerce Commission a tariff or supplement showing an advance of 2 cents a hundred pounds from producing points in this territory to Ohio and Mississippi River crossings, effective April 15, then didn't the Louisville & Nashville postpone the operation of that tariff on account of the injunction in Georgia, until the 24th of June, when it was removed? What is your best recollection about that, Mr. Compton?

A. Well, I have testified to the facts concerning the dates of

the advance in the rates, and they are in the record. Now, when I make this answer, it is only from recollection; the facts are as stated in the record in the Tift case, and also in the Yellow Pine case. My recollection is that we announced that we were going to advance our rates, I think on March 1, 1903. We found that some of the producers on our line had contracts and had made sales ahead and they had not moved their lumber, or we hadn't moved it, it had not been sent to market, and for fear that an injustice might be done some one on contract, we suspended our notice and made it, I think, effective April 15. There was an injunction granted, and when it was, I did, for the Louisville & Nashville Railroad, suspend the effective date of our advance, because of that occurrence. When the matter was cleared up, I then did, for the Louisville & Nashville Railroad, give notice to all shippers, publish the rates, and filed them with the Interstate Commerce Commission.

Q. The only difference between this advance of the Louisville & Nashville, and the other railroads which are defendants here, is that yours did not actually go into effect until about the 24th day of June, 1903, whereas others went into effect on the 15th day of April?

A. Well, if you will permit me, I will answer by giving you the exact dates subsequently. I do not like to make a record here.

Q. I don't wish to involve you in any discussion at all, it is not my object at all, I just simply wanted to refresh your memory and my own memory as much as anything else. I understand anything you say will be corrected by reference to your previous testimony when you had the records before you.

A. I was about to say, I cannot speak with reference to the other lines. I can, with accuracy, speak with respect to our rates.

Q. Mr. Compton, you took no part in the meeting as between the representatives of these different railroads where the question of advancing the rates on lumber was discussed, the meetings that occurred at St. Augustine, Florida, New Orleans, Louisiana, and St. Louis, just previous to the advance being declared, did you? You were not present at any of those meetings personally?

A. Yes, I was present at St. Augustine. I was not present at St. Louis.

Q. Nothing was accomplished at St. Augustine; merely a conference?

A. We simply talked about the matter at St. Augustine.

Q. That meeting adjourned to New Orleans, and you did not attend that, or the one at St Louis?

A. I am not sure about the New Orleans meeting, whether I attended it or not, but I am sure I did not attend the St. Louis meeting.

Q. I don't understand anything was accomplished at New Orleans, any definite conclusion reached there, by any one, and isn't it your understanding that the reason why neither one or all reached any conclusion, was because of the absence of the lines west of the river at New Orleans?

A. Well, I just stated, in answer to the previous question, that I do not recall being at the New Orleans meeting?

Q. Well, did you have any understanding about it?

A. No, sir.

Q. Did you keep in touch with this movement?

A. With what movement do you refer to?

Q. The movement involving the raise of rates on yellow pine lumber?

A. Oh, yes, I kept this matter before me for some time. I had the matter before me for, well, I should say, six or eight months. I felt that, for the Louisville & Nashville Railroad, we had in times past pioneered and encouraged the development of this yellow pine country, and had adjusted our rates so as to enable the producers to meet competition, and when there was distress, in the panic of 1893, we reduced our rates substantially, and I felt that when times got better that it was reasonable to restore the rates that had been previously in effect. That is what the advance amounted to, simply a restoration of former rates.

Q. Well, conditions in old times, when those high rates, the highest rates prevailed, operating conditions were very much more unfavorable to railroads than conditions for them in 1903, were they not?

A. Well, I can take the operating expenses of our company today, as compared with the gross earnings, and they are greater than before. Everything entering into cost of transportation has substantially increased in price.

Q. Still, the railroad, as a whole, has increased its earnings constantly for a great many years?

A. Yes, our condition with respect to our gross earnings has improved.

Q. And net earnings also, have they not, in amount?

A. I think it perfectly fair to state that our condition is better today than before, but notwithstanding that fact, operating expenses have substantially increased.

Q. The increase in the net results has been due, of course, to the increase in the volume of traffic?

A. In the volume of traffic, yes, sir.

Q. Well, who represented the Louisville & Nashville at the St. Louis conference, do you remember?

A. I handled this lumber question myself, Mr. Miller.

Q. I understand that. But the Louisville & Nashville Railroad was represented at the conference?

A. I think not.

Q. Was it not?

A. I think not, sir.

Q. Well, wasn't it understood, Mr. Compton, by yourself and others that this advance could not be made or should not be made, we will say, unless the lines west of the river also should make a similar advance?

A. I had no understanding with the Western lines, Mr. Miller. As a matter of fact, the rates from territory east of the Mississippi River were advanced some time before the rates were advanced from territory west of the river. I think that their advance probably occurred in August, while ours went into effect, I think, probably the middle of June.

Q. Aren't you mistaken, Mr. Compton, about that?

A. Well, now, I am speaking from recollection.

Q. I agree with you substantially, but isn't it a fact now—

A. You mean as to dates, Mr. Miller?

Q. Yes. Understand me, Mr. Compton, I wouldn't do you the least injustice under any consideration. I merely want to get the thing straight. Isn't it a fact that you can remember that the lines west of the river that serve the yellow pine section of Arkansas and Louisiana did make an advance effective early in March—I won't give the date—then postponed its operation until the 15th of April, and withdrew it for a short period and then restored it before August or about August, 1903? In other words, did they not make a similar advance at the same time as the other roads?

A. No, my recollection is that their advance was subsequent to the advance in the territory east of the river; that is, was originally announced to become effective March 1, 1903, and was afterwards suspended and went into effect April 15, 1903. On May 11, 1903, the advance was suspended and the old rates were restored. The new rates were finally made effective August 15, 1903.

Q. Do you recall any correspondence with Mr. Washburn intended to bring the New Orleans & Northeastern into line on that advance.

A. No, sir.

Q. You are aware that a similar advance was made by the railroads in Georgia, effective April 15, 1903?

A. Yes, sir; the rates from Georgia were advanced. I recall that distinctly. I recall that our rates were advanced, also that the rates in Mississippi were advanced, and I testified at New Orleans, if you recall, that the Louisville & Nashville Railroad would not have advanced its rates if the rates from its territory were higher relatively than from other points. That is self-evident, because when the injunction was granted in Georgia to prevent an advance in the rates from Georgia, it did not apply from Alabama, which is the territory served by the Louisville

& Nashville Railroad, and I was unwilling for it to carry a higher rate relatively to its territory of consumption than was carried from Georgia.

Q. Mr. Compton, have you the annual statements made by the management to the stockholders of the Louisville & Nashville Railroad Company for the years ending in June, 1904, and June, 1905?

A. No, sir; I have not.

Q. Would you be kind enough to furnish me a copy of those?

A. Yes, sir.

Q. Just mark them for identification, "Sent by request of T. M. Miller, at the examination at Nashville," and send them to me.

A. Yes, sir.

(It is agreed by counsel that the same stipulation may apply to these reports as to those heretofore referred to, to be furnished by the witnesses.)

Further this deponent saith not.

(The signature of the witness is waived.)

Said witness, Elisha Gee, being first duly sworn, deposed as follows:

DIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. Mr. Gee, were you examined before the Interstate Commerce Commission in this case?

A. No, sir.

Q. I wish you would state your residence and occupation?

A. Gulfport, Miss. I am auditor of the Gulf & Ship Island Railroad.

Q. One of the defendants in this case?

A. Yes, sir.

Q. Have you had any connection with the accounting department of any railroads other than the Gulf & Ship Island?

A. Yes, sir.

Q. What roads?

A. I was with the Florida Central & Peninsular, and Seaboard Air Line.

Q. In what capacities?

A. Well, with the Florida Central & Peninsular, I went in there about 1882 as office boy, and when that road was consolidated with the Seaboard I was general bookkeeper and had that same position on the Seaboard.

Q. State what was the cost of construction and equipment of the Gulf & Ship Island Railroad, as shown by the books of that company on June 30, 1903, and how many miles were represented by said cost?

A. The cost of road and equipment was $10,139,075.50.

Q. As of what date?

A. June 30, 1903. There were 251 miles of road in operation.

Q. For the year ending June 30, 1903, what was the total income of the Gulf & Ship Island Railroad, and by the term "total income" I mean net earnings and income from other sources, and by net earnings I mean the difference between the operating expenses and gross earnings?

A. $657,078.42.

Q. Do you mean that was the total income?

A. That was the total income, after deducting operating expenses from the gross earnings.

Q. What would it cost at the present time to reproduce said railroad and its equipment?

A. I believe it would cost practically what the value is on the books of the company.

By Mr. Miller:

Counsel for complainant notes an objection unless this witness qualifies as an expert.

A. I was going to add further, that several years ago, I think it was December 31, 1901, we had occasion to get a valuation placed upon our road and our consulting engineer placed a valuation on it which about agreed with the valuation on our books at that date. The consulting engineer is a man of considerable experience. I think he was with the Central of New Jersey for several years. The valuation was made a month or two afterwards; I couldn't tell exactly when it was made.

By Mr. Miller:

Counsel for complainant notes objection to any hearsay testimony as to the valuation placed on the property by any engineer, and so on, and other data which he gives.

Q. What is the lawful rate of interest in the State of Mississippi?

A. Six per cent and conventional rate may be as high as 10 per cent.

Q. What rate of profit is usually realized from the operation of industrial enterprises in the State of Mississippi?

A. Well, that varies. I think it will run from 10 to 25 per cent.

By Mr. Miller:

Counsel for complainant objects to the question as incompetent and irrelevant, and because witness has not qualified to speak.

Q. Upon what valuation per mile of the Gulf & Ship Island Railroad would the total income of that road for the year ending June 30, 1903, pay an annual interest of six per cent?

A. $43,631.

Q. Refer to page 56 of the Statistics of Railways in the United States, published by the Interstate Commerce Commission for the year ending June 30, 1903, and state what the average capitalization per mile of line of all the railways in the United States was for that year?

A. That was $63,186.

Q. Refer to the same page and volume and state what the average capitalization per mile of line of all the railways described in Group 5, referred to in said statistics, is for the year ending June 30, 1903?

A. $41,418.

Q. In which of the groups referred to in said Statistics of Railways is the Gulf & Ship Island Railroad located?

A. Group 5.

Q. Refer to page 56 of said volume and state what the average capitalization per mile of line of all the railways in Group 4 referred to in said statistics was for the year ending June 30, 1903?

A. $52,088.

Q. What States and parts of States are covered by said Group 4?

A. West Virginia, Virginia, North and South Carolina.

Q. Does it also take in Georgia and Florida.

A. No, sir. Group 5 takes in Georgia and Florida.

Q. Now, turn to that same page back there, page 56, and state the average capitalization per mile of line of all the railroads in Group 5?

A. $41,418.

Q. Please state the total expenditures on account of construction and on account of equipment charged to operating expenses during the fiscal years ending June 30, 1903, 1904 and 1905, on the Gulf & Ship Island Railroad, taken from pages 27 and 29 of your annual reports to the Interstate Commerce Commission?

A. As I understand that, that is construction and equipment charged to operating expenses?

Q. Yes, sir.

A. The Gulf & Ship Island has not made any charges for construction or new equipment to its operating expenses. It does, however, charge depreciation for replacement, and during the years 1903, 1904 and 1905 it has charged the following :

1903—For roadway purposes	$ 81,600 00
For equipment	16,947 00
1904—For roadway purposes	95,789 47
For equipment	41,449 56
1905—For roadway purposes	153,937 46
For equipment	48,938 02

During the same period, it has charged for construction and new equipment to its cost of road, as follows :

1903—For construction	$1,020,393 01
For new equipment	574,972 64
1904—For construction	923,151 79
For new equipment	3,321 50
1905—For construction	1,180,217 17
For new equipment	278,840 47
Total for those three years on account of construction	$3,123,761 97
Total on account of new equipment	857,134 61
Grand total for the two	$3,980,896 58

Q. Do I understand that when your company constructs new lines or extends its old line, or builds new sidetracks or makes any other improvement of a permanent character, instead of charging up the cost of those things to operating expenses, as is done by many roads, you charge it up to your construction account?

A. Yes, sir.

Q. As is done by some other roads?

A. Yes, sir.

Q. Where do you get the money from to make those permanent improvements if you don't take it out of your earnings?

A. We have to raise it in two different ways. We either sell more stock, or borrow money on bonds, long term bonds.

Q. So that, instead of taking the money from your stockholders, as you would do if you charged it to operating expenses, you get your money from persons to whom you sell your bonds or stock?

A. Yes, sir.

Q. And after it is carried into your treasury, you then expend it upon the road?

A. Yes, sir.

Q. But whether you get this money from the sale of stocks or bonds, or whether you take it out of your operating expenses, you have improved and increased your plant to the extent of the sums of money indicated by your answer?

A. Yes, sir.

Q. The Interstate Commerce Commission in this case, in commenting upon the disproportion in revenue accruing to the originating roads for a comparatively short haul, and the revenue accruing to the trunk lines north of Jackson and Meridian, etc., states that "the remedy for the unreasonably low proportions accruing to the trunk lines is not by an advance in the rates." If two cents per hundred pounds should be subtracted from the proportions of the Gulf & Ship Island Railroad of all the through freights on lumber to Ohio River points and beyond, can you

give an approximate and reliable estimate as to what the loss in revenue to your company per annum would be, on the basis of the actual amount for the last fiscal year obtainable?

A. It would be, in round figures, two hundred thousand dollars ($200,000) per annum.

Q. If $200,000 were deducted from the total income of the Gulf & Ship Island Railroad for the year ending June 30, 1903, upon what valuation per mile of road would the remainder pay a rate of 6 per cent?

A. $30,350.49.

CROSS EXAMINATION.

By Mr. Miller, for complainant:

Q. Mr. Gee, the Gulf & Ship Island Railroad did not share in this advance at all, did it?

A. I think not.

Q. Didn't favor it, did it?

A. Well, I don't know Mr. Miller. I am not in the traffic department.

Q. Well, you know, as a matter of fact, do you not, that the Gulf & Ship Island Road is giving its traffic to the Illinois Central, at certain rates, under a ten-year agreement, don't you?

A. I don't know; I don't know of any such agreement. I don't know that there is any agreement.

Q. Were you selected as auditor of the Gulf & Ship Island Railroad by the management, or were you sent there by the bondholders?

A. I was selected by the management, it being agreeable with the bondholders.

Q. You were nominated by the bondholders, were you not?

A. Well, I can't say that I was, Mr. Miller. I know that my offer came direct from the President of the company.

Q. You don't understand that you were sent there. Don't you make reports to some bank or trustee in New York as well as to the company?

A. Why, we have fiscal agents in New York whom I give figures to.

Q. You are required, then, to make special reports to them, under your arrangement?

A. No, sir.

Q. That is not a fact?

A. No, sir.

Q. Do you have any say at all about the expenditures of that road?

A. No, sir.

Q. Nothing to do with it at all?

A. No, sir. I simply state the results of the expenditures.

Q. How long have you been in that office?

A. I was appointed auditor on March 1, 1902.

Q. Are you stationed altogether at Gulfport, or do you travel up and down the road?

A. I am stationed at Gulfport, that is my headquarters.

Q. You are not a traveling auditor, you are head auditor?

A. I am auditor of the company.

Q. What did you say was the capitalization of the Gulf & Ship Island Railroad?

A. The total capitalization of the Gulf & Ship Island?

Q. Yes, sir.

A. At what date was that, Mr. Miller.

Q. Well, what is it now?

A. Now, the capitalization is—what do you mean by that, the capital stock?

Q. I thought you would be able to answer that. I understand you have been stating it?

By Mr. Baxter, for defendants:

He has not been asked that question.

By Mr. Miller, for complainant:

Q. When you speak of capitalization of the road, what do you mean by it? What represents capitalization of a railroad? You have undertaken to say.

A. Capital stock.

Q. Only the capital stock?

A. Only the capital stock and funded debt.

Q. What is the capital stock of the Gulf & Ship Island Railroad?

A. I think it is six million ($6,000,000).

Q. Well, of course, this is a mere question of calculation, but what is that per mile of road, two hundred and fifty-one miles?

A. Six million?

Q. Yes.

A. I will have to figure it out for you.

Q. I wish you would.

A. It is about $23,905.

Q. Per mile?

A. Yes, sir.

Q. And you say the road cost how much per mile? You said the total cost was $10,139,075.50?

A. I said the total cost of the road June 30, 1903, was $10,139,075.50.

Q. How many miles of road?

A. Two hundred and fifty-one.

Q. How much would that be per mile, if you will make that calculation?

A. I have made that. That is $40,394.72.

Q. Well, now, in what manner, if at all, have you under-

taken to verify the cost of that railroad, the cost of construction of that railroad, up to June 30, 1903, as indicated by those figures on the books? Do you recall the amount on bonds out at that time?

A. June 30, 1903?

Q. Yes.

A. I think—I can't give you the exact amount from memory.

Q. Can you approximate it?

A. I have my books here, from which I can tell you. The amount of bonds outstanding June 30, 1903, was $4,607,000.

Q. And how much stock?

A. Five million ($5,000,000).

By Mr. Baxter, for defendants:

Q. You are speaking now of June 30, 1903?

A. Yes, sir.

By Mr. Miller, for complainant:

Q. How much stock is now outstanding?

A. There is six million ($6,000,000.)

Q. How many bonds?

A. Five million ($5,000,000.)

Q. The same bond issue?

A. Same bond issue.

Q. What rate of interest do those bonds bear?

A. Five per cent (5 %.)

Q. What did those figures that you gave a while ago, $657,078.42, represent?

A. That represented the total income for the year ending June 30, 1903.

Q. The total income—that is, gross?

A. No, sir.

Q. Net?

A. That is net income after deducting operating expenses from the gross and adding in some income from other sources.

Q. What income was there from sources other than the freight and passenger traffic of the road?

A. Well, there are items of interest. We have interest on money deposited, and various items.

Q. Was it any very large amount?

A. No, sir.

Q. The great bulk of that was, of course, represented by the earnings from passenger and freight traffic?

A. Yes, sir.

Q. How much in dollars per mile of road operated would that amount of money represent?

A. How is that question, again, please sir?

Q. I say, in dollars, how much per mile of road operated this two hundred and fifty-one miles would be represented by this $657,078.42?

A. It is $2,617.84.

Q. What would that be six per cent (6 %) on?

A. I will have to figure that. It is $43,631.

Q. What percentage on the mileage, per mile, would that represent, on the two hundred and fifty-one miles?

A. It would represent six per cent (6 %) on $43,631.

Q. Per mile?

A. Per mile.

Q. What did you say the cost per mile was?

A. The cost per mile—when? On June 30, 1903?

Q. Yes, sir.

A. Was $40,394.72.

Q. Well, now, you said a while ago that if you had shrunk your proportion by two cents per hundred pounds it would be clipping about two hundred thousand dollars ($200,000) off of your revenues?

A. Yes, sir.

Q. How did you get at that?

A. I took four months in the year; I took a winter month, a spring, summer and fall month, and arrived at it that way. Now, I have a little proof that I have figured up here today.

For instance, in the year ended June 30, 1905, we delivered to our connections 21,118 cars.

Q. That is, to the Illinois Central and the Louisville & Nashville?

A. Illinois Central, Louisville & Nashville and New Orleans & Northeastern, for points on the Ohio River and beyond. That, based on forty-five thousand (45,000) pounds to the car, would mean a loss of nine dollars ($9) a car, or in round figures, $190,000.

Q. Well, do you know how many cars you delivered in 1902-3?

A. Yes, sir; I think we can get that. In 1902 we delivered 22,799 cars to our connections for lumber destined to points north of our road.

Q. Do you get the same from your other connections as you get from the Illinois Central, the same division?

A. I really couldn't answer that.

Q. Well, now, as a matter of fact, how does your rate south, for similar distances, or substantially similar distances, compare with your rate north?

A. Mr. Miller, I am not very familiar with the rates. Mr. Hale is here and I think could answer those questions for you.

Q. Have you examined the stock account of your road?

A. Stock account?

Q. Yes.

A. What do you mean?

Q. The stock account.

A. The stock register?

Q. Does that show how that stock was paid for, if paid for at all? Does it show whether it was paid for in money? You said you have but two ways of raising money outside of the results of operation; one is by selling stock, and the other is by borrowing money on bonds. Well, I want to know whether those books show what amount of money was realized, first and last, from the sale of stock, how much money?

A. Mr. Miller, I can't answer that question.

Q. Have you examined the books since you were there, to find out?

A. I have examined the books of the company. The books of the company were—

Q. Do you know what, if any, sums of money went into the treasury of the Gulf & Ship Island Railroad from the sales of stock?

A. I know the transactions that have taken place since I have been with the company.

Q. The extra hundred thousand—is it a hundred thousand or extra million?

A. Extra million. I know that has been paid for.

Q. Paid for how?

A. Paid for in money.

Q. Actual money?

A. Actual money, at par. Well, I want to amend that just a little. It is actual money or its equivalent.

Q. Money expended and the stock issued to pay for it?

A. Stock issued to pay for it.

Q. That was money expended on the terminals down there?

A. Yes, sir.

Q. A very proper charge, I admit, of course. You don't know anything about the product of the first five million of stock?

A. No, sir.

Q. It stands as a charge against the company, of course?

A. Yes, sir.

Q. A stock charge, but whether or not five million dollars, or any sum in particular, was produced from the issue of that stock, you do not know, of course?

A. I don't know.

Q. That all occurred before your connection with the road?

A. Yes, sir.

Q. And the books in your possession don't show that five million dollars in money was realized from that stock?

A. No. The books in my possession just simply show the five million dollars of stock.

Q. Is it or not currently understood that a large portion of that stock went to a construction company?

A. I don't know, Mr. Miller.

Q. Well, where did the money come from to pay for the construction of that road—that is to say, the $10,139,075.50, which appeared, by your books, to have been the cost of that road on June 30, 1903; do the books in your possession show where this money came from?

A. No, sir, they do not.

Q. Well, then, how do you know that that road cost that amount of money, except from the circumstances that the outstanding stock and bonds represent that amount?

A. I know it in this way, Mr. Miller: As I have stated, we, for the purposes of our report to the Interstate Commerce Commission, wanted to make a division of the construction and equipment accounts, and we got our consulting engineer to make these divisions for us, and his figures, independent of the figures shown on my books, made up about that amount.

Q. Well, he didn't build the road—that engineer?

A. No, he did not build that road.

Q. He did not disburse the money?

A. No, he just simply went on his knowledge of what it would cost to build the road.

Q. I suppose he undertook to take into consideration the cost of material and the cost of labor and grading, and all that sort of thing?

A. Yes, sir.

Q. And that was an estimate?

A. Yes, sir.

Q. Now, did you make your books conform to his estimate and furnish that to the Interstate Commerce Commission?

A. No, sir. There was a slight little difference between his estimate and the figures on our books that I think, if I remember right, we threw into, for the purpose of that division, we put into general expenses. We used his division, say, for rails and bridges and such as that, and the slight difference, I can't remember now what it was, we threw it into general expenses so as to have that and the report to the Interstate Commerce Commission agree.

Q. Didn't that railroad company have a cash account from its inception?

A. There had been so many changes in it that I don't suppose—

Q. There was no work of construction done during the receivership of that road, that you know of?

A. I can't tell you, I wasn't there and have none of the books.

Q. Do you know how much money, do your books show how much money was realized from the sale of the land granted to that road?

A. My books do not cover any transactions of the land grants. The books that I have had, I don't think that—

Q. Did you open a new set of books when you went there?

A. Yes, sir; there was a new set of books opened.

Q. Well, those expenses of dredging the channel and the basin and the building of wharves, etc., at Gulfport, does that figure in the accounts of the railroad company?

A. Yes, sir; all paid for by the railroad.

Q. Is there any charge made at all to ships using those wharves?

A. Using the wharves?

Q. Yes. In other words, has the railroad company any revenue at all from the harbor and the channel?

A. No revenue for the use of the wharves or the channel, except, I think, there is a small wharfage charge. I find on having my memory refreshed, that the only charge made to vessels is a small sum for water furnished and for unloading ballast also.

Q. Do you know what that foots up?

A. I don't know, sir.

Q. Now, the business of the Gulf & Ship Island Railroad has increased very considerably since June 30, 1903, hasn't it, Mr. Gee?

A. Not so very much. Let's see, I can give you the figures. You mean the earnings, Mr. Miller?

Q. Yes, gross and net earnings.

A. The gross earnings for 1903—

Q. I mean since 1903. You have given that.

A. I have not stated the gross earnings.

Q. Wait a moment For your convenience, as well as our own, I will ask you to please file, either as a part of your testimony, or to mark for identification and send to me to be filed in the case, a copy of the annual report made by the management to the stockholders, for the years 1903–4 and 1904–5, and if those reports do not show the cost of dredging, the cost of the terminals, including the cost of dredging, etc., please make a separate statement showing that.

A. I will do that. Well, the cost of these terminals is included. It does not show them separately.

Q. If they are included, that is sufficient.

A. Oh, yes, they are included.

Q. If it is possible, from any data that you can command, I should be glad if you will also furnish a statement showing what money was realized from the sale of stock or subscriptions to stock, and what amount of money was realized by the Gulf & Ship Island Railroad from the disposition of its lands donated by the government?

A. Mr. Miller, that is going to be mighty hard to get at. I don't know that I can get it up. Prior to my taking charge of the accounting department our accounts were not well kept, and I have had to go into several things there, and it is almost impossible to get out the details.

Q. What sort of country does the Gulf & Ship Island Railroad traverse, topographically speaking?

A. Mr. Miller, I am not really familiar with it. I have never been all over the Gulf & Ship Island Railroad. Mr. Hale, I think, could give you more information on that than I could.

Q. Well, all the cost of that road is now represented, is it not, by stocks and bonds?

A. All the cost of it?

Q. Yes.

A. No, sir; it has cost more than—well, yes, it is represented by stocks and bonds and floating debt.

Q. Well, the floating debt is not large, is it?

A. No, sir.

Q. That is simply current liabilities that are taken care of in due course?

A. Yes, sir.

By Mr. Miller, for complainant:

I want to note an objection now, if I did not do it at first, to all testimony relating to the cost of that road, based on the report of the consulting engineer selected for that purpose.

Q. Have you built any new railway recently, or are you constructing any new railway?

A. Yes, sir.

Q. Well, this additional increase of capital was that for that purpose?

A. No, sir. We will show in our balance sheet of June 30, 1905, that item styled "Securities due for construction of new lines, $1,150,800."

Q. None of this new issue was to take care of that?

A. No, sir.

Q. How has that been taken care of?

A. We have made a contract with a construction company to build certain mileage and turn over to us a certain mileage, and until that is completed we will make no settlement, no real actual settlement, until the line is completed.

REDIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. Mr. Gee, it has been suggested that you were in error in stating that there were no terminal charges for the use of the piers and harbor at Gulfport? Is there a terminal charge on lumber?

A. When I made that answer I ought then to have asked that that question be propounded to Mr. Hale, because he is more familiar with the traffic conditions than I am and I should not have made any reply to that at all.

Further this deponent saith not.

(The signature of the witness is waived.)

(Whereupon an adjournment was had to 9 o'clock tomorrow morning).

FRIDAY MORNING, FEBRUARY 9, 1906.

Said witness, Thomas P. Hale, being first duly sworn, deposed as follows:

DIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. State your residence and occupation?

A. Gulfport, Miss. Second Vice President of the Gulf & Ship Island Railroad.

Q. Were you examined before the Interstate Commerce Commission?

A. No, sir.

Q. If you have had connection with the freight department of any railroads in the United States, what railroads were they and in what capacity were you connected with them?

A. About ten or fifteen years connected with the Northeastern, the Queen & Crescent, in the way of freight bill clerk, bill of lading clerk and rate clerk, and afterwards with the Southern Railway in the capacity of soliciting agent for about five years, and for the last nine years in charge of the traffic department of the Gulf & Ship Island Railroad.

Q. State what changes, if any, have occurred since the last testimony in this case was taken before the Commission in February or March, 1904, in the circumstances and conditions affecting the reasonableness of the rates on lumber made effective April 15, 1903, from points in Mississippi to Ohio River points?

A. The rates that were made effective in April, 1903, to those points are practically in effect today and have been in effect for the past two years. In the past two years I know from personal knowledge that the prices of lumber have materially increased, being from fifty per cent to sixty per cent (50% to 60%) more than they were two years ago.

Q. You mean, the rates on lumber?

A. No, the prices of lumber, the prices of lumber have increased fifty or sixty per cent. The material evidence to me, that the lumber business has been thriving, is manifested by continual applications on our road for tracks and sidings into new mill sites. Mill men tell us that the lumber business was never better in its history. We have had no complaints in the past two years as to rates to this territory. Occasionally complaints were made that we did not, and we were not able, to give the mill men the cars, but this is only generally in cases where they wanted a special kind of cars, forty-foot length or something of that kind, or a car going to a particular territory. The burden of their song was, "Give us the cars and we will do the balance." No complaint as to rates.

Q. Have you caused to be correctly compiled a statement showing the movement of yellow pine lumber via Gulfport for export during the calendar years of 1902, 1903, 1904 and 1905, from points in Mississippi; if so, please file the same as Exhibit No. 1 to your deposition and explain what said statement indicates?

A. I have not got that in the shape of an exhibit, but I can give the figures, it won't take very much room, and I presume it will be embodied in the answer.

Lumber handled through Gulfport:

1902.....	13,044,237 feet.	(About)	1,000 cars.
1903.....	47,232,765 feet.	(About)	3,500 cars.
1904.....	193,275,500 feet.	(About)	15,000 cars.
1905.....	.....225,990,750 feet.	(About)	17,000 cars.

The number of feet given above are board measure. Now, all of this lumber did not come off of the Gulf & Ship Island Railroad. Some of it came by water to the port of Gulfport.

Q. All of that go for export, or was some of it for coastwise?

A. A portion of it was for coastwise. Just exactly what proportion of it I couldn't say.

Q. What points does the coastwise lumber generally go to?

A. It goes to New York, Philadelphia, Baltimore, Boston and points that are contiguous thereto. Some of it goes into New York harbor and goes, I believe, through the Erie Canal.

Q. State whether the advance of 2 cents per hundred pounds on the lumber rates complained of in this case, as made by the Gulf & Ship Island Railroad, was the result of any contract, agreement, combination or conspiracy between that company and its competitors, or whether it was made as the separate and independent action of the Gulf & Ship Island Railroad?

A. At the time the advance was made, in 1903, we were not members of any freight association in the United States. We were not consulted as to this advance, we had nothing whatever to do with it, nor, moreover, do we participate in any of this 2-cent advance on this business destined to this territory on the Ohio River and north. When we learned that the rates on yellow pine lumber in our territory—which was the territory in Mississippi to the east and to the west of us—had advanced 2 cents, we, considering

the conditions, thought that the advance was reasonable, consequently we put in the same through rates from our stations. If we had not put in the same through rates from our stations, we would have had to charge our local rate up to Jackson or up to Hattiesburg or up to Gulfport, and the rates from those three points, taking Chicago as a basis, would have been twenty-six (26) cents to those junctions, plus our locals, which would vary from four to eight (4 to 8) cents. The rates from mills on our lines, consequently, would be just what we added to those rates for our locals higher than the mills on each side of us, and our mill men would have been out of business, they couldn't have done business. Therefore, the move on our part was practically an advantage to our mill men.

Q. Well, the Chicago rate of 26 cents, to which you have just referred, to what territory does that apply?

A. From what territory?

Q. Yes.

A. It applies from Jackson and Meridian, and points, you might say, south of that down to the coast.

Q. All of those points, as I understand it, are covered by blanket rates?

A. Yes, sir.

Q. So that, if you had charged your local rates after refusing to participate in the through rate, your mill men would have had to pay the 26 cents blanket rate, plus your local rate?

A. Exactly.

Q. And they vary from four to eight (4 to 8) cents?

A. Four to eight cents.

Q. And that would have forced your mill men out of the market?

A. Yes, sir.

Q. Explain why it is that the proportion of the through rates involved in this case which are allowed to your road as an originating road, is greater per ton per mile than the proportion accepted by your connections which carry the lumber from Jackson or Hattiesburg to Ohio River points and beyond?

A. Our road is considered a lumber road, and justly so. An examination of our annual reports will show that our tonnage from lumber varies from seventy per cent (70 %) to seventy-seven (77 %).

Q. Do you mean by seventy to seventy-seven per cent that the lumber traffic on your road constitutes from seventy to seventy-seven per cent of your total freight?

A. Yes, sir. Our road would not have been built and extended through that territory without we had had the assurance of a greater per ton per mile rate than these trunk lines were enjoying, for the reason that the country that our line traverses was what was called the "Piney Woods," there were very few people living in there; there was no business, there were no towns, the lands themselves were practically of no value, going from a dollar and a quarter to two dollars and sometimes possibly three dollars an acre, for the reason that there was no way of getting out, they couldn't get to market. It was dependent, the road was, on what we would and could get out of the lumber business, and that is why the road was built. Then, again, we knew that all the lumber that we took off our line we depleted our resources that much. We realized that we would not have any

through business; that the lumber would be cut off faster than we could bring in settlers to cultivate the soil and build up little towns and industries, we having only a little short line, and also noticing the difficulties that the trunk lines have in bringing in settlers, we realized that the task before us was almost superhuman. Therefore, we felt reasonably justified in demanding of our connections a much greater per ton per mile rate than they enjoyed. Now, looking at the other side of the question as to why the trunk lines were justified in accepting our business and getting a much less rate per ton per mile than on their own; we went into a new territory and brought them new business, opened up an entirely new territory for them altogether. We had three, or perhaps five different lines of railroads to give our tonnage to: On the north, the Illinois Central, also the Alabama & Vicksburg, part of the Queen & Crescent, at Jackson. At Hattiesburg we had the Northeastern, and through the Northeastern we had the Alabama Great Southern Railroad and the Southern Railroad, which are practically one system, I believe, and also the Mobile & Ohio at Meridian. We would work with these lines through the Northeastern, through Meridian. On the south, at Gulfport, we had the Louisville & Nashville Railroad. In addition to all that, we had the water down there. Therefore our connections saw that we had a position of advantage, and if they wanted to get that business they would have to make it of material advantage to us, so that it would be money in our pockets to give it to them rather than to use either of these other connections, or the water. And again, they were justified because they had their roads built, generally with rock ballast, solid roads, in many cases, part of them double tracked or about to be double tracked; they had their organization completed, all their engineering, their roadway, their traffic and legal departments, all their various departments were organized and those expenses were going on continuously whether they got our business or whether they did not. The question up to them was, for instance, we are handling eight freight

trains a day going north; it costs us so much per ton per mile to do it; if we handle three more freight trains per day going north, those additional three freight trains are not going to cost us as much as the first eight, the cost to us will be on the additional three freight trains—will be the cost of our train men and the cost of fuel and the trifling cost of wear of the equipment and lubrication. The roadway will be just the same, the interest on our bonds and our stocks, the salaries to all of our departments will be the same. Consequently, weighing the whole matter, the trunk lines were justified in taking on this new business at a much less rate per ton per mile than they would get on their regular business. On the same principle that a manufacturer, say for instance, of typewriters, may manufacture a hundred thousand typewriters. They will sell them at a certain price. Their surplus which they do not sell, if they cannot sell them in the United States, for instance, they will go to some other country and dump them on the market and sell them for what they can get, say five thousand of them. It might seem to a man it was paradoxical how they could make money selling these five thousand typewriters in South America for less than it cost them, but in making those five thousand typewriters, they reduced the price of all their typewriters that they manufactured, consequently, it is to their advantage to sell them almost below cost.

Now then, to try to be brief in this and to sum it up in a nutshell: The Gulf & Ship Island Railroad had built its road for pine lumber alone. The movement of pine lumber reduced its resources. They couldn't expect to build up their country with settlers and industries as fast as it was cut off, as the other trunk lines on all sides of them had been in operation for thirty or forty years and had that time in which to build up their local territory and had not done it. The Gulf & Ship Island Railroad had the benefit of competition of four or five trunk lines and of the water at Gulfport. The trunk lines were justified in their

action for the reason that it was competitive business, that their lines were completed, the organization established with the expenses of the different departments going on—taxes, insurance, interest, etc., and they could take on this additional business at a very much less rate per ton per mile than otherwise. Now, I think that that about covers the ground.

Q. Mr. Hale, when was the Gulf & Ship Island Railroad completed between Gulfport and Hattiesburg?

A. About January 1, 1897.

Q. Well, after it was completed to Hattiesburg, it had the railroad connections that you have already mentioned?

A. Not all of them—at Hattiesburg, yes, sir, at Hattiesburg and Gulfport.

Q. But prior to the construction of your road through to Hattiesburg, what railroad connections did you have?

A. Prior to the construction of our road through Hattiesburg?

Q. Through to Hattiesburg, before you reached Hattiesburg?

A. We had the Louisville & Nashville Railroad at Gulfport and the water at Gulfport.

Q. When was your harbor at Gulfport sufficiently completed to enable you to ship lumber through that harbor?

A. I might say in the latter part of 1902.

Q. Then, in 1902, you had the Louisville & Nashville Railroad and your water outlet as the only means of shipping out your lumber?

A. In 1902 we had all of our connections that we have today, for our line to Jackson was completed in July, 1900.

Q. Your line to Jackson?

A. Line to Jackson; yes, sir, in July, 1900.

Q. When did you say it was completed to Hattiesburg?

A. In January; the first of January, 1897.

Q. Well, now then, between the time it was completed to Hattiesburg and the time that it was completed to Jackson, did you have the same connections that you had after getting to Jackson with your line?

No, sir; we didn't have the connection at Jackson at all. We had all the connections south of there that we have today.

Q. Well, now, before your line reached Jackson, what did the rail connections allow your road out of their through rates from points on the Gulf & Ship Island Road to points on the Ohio River and beyond?

A. Three to four cents, some territory four.

Q. By whom was the harbor at Gulfport constructed, and what was the object of the company in constructing the harbor and providing it with piers, etc.?

A. The harbor at Gulfport was constructed by the Gulf & Ship Island Railroad for the purpose of enabling the mill men on their line to reach the coastwise markets, likewise the markets of the world. Also to strengthen the position of the Gulf & Ship Island Railroad in the event that the markets in the interior of the United States were depressed on account of some panic or failure of crops or something of that sort; the mill men

on our line would then have the advantage of shipping to South America, to Europe, Africa and to all points of the world, and the results proved the wisdom of what we did.

Q. What did that harbor at Gulfport cost your company, including the piers, dredging and all?

A. Up to date it has cost in the neighborhood of two million dollars ($2,000,000).

Q. And you spent that amount of money in order to get an outlet to the world?

A. Yes, sir.

Q. Now, since that harbor at Gulfport was constructed—take for instance, the present time, if you please—what proportion of the total amount of lumber originating on the Gulf & Ship Island Railroad has moved to coastwise points or to points of export?

A. I have carefully considered that question and it is my opinion that from twenty to twenty-two per cent (20 to 22 %) of our lumber moves through Gulfport for export and for coastwise trade.

Q. What proportions have been allowed your road by the Illinois Central out of through rates from points on the Gulf & Ship Island Railroad, on lumber destined to Ohio River points and beyond?

A. To points north of the Ohio River and on and west of the Buffalo-Pittsburg line, we are allowed 7 cents per hundred pounds. To the territory east of the Buffalo-Pittsburg line, 6 cents.

Q. Why is it that they allow you less proportions out of the through rates to points east of the Buffalo-Pittsburg line, than out of the through rates to points west of the Buffalo-Pittsburg line?

A. For the reason that the through rates to that territory by reason of the coastwise competition, water competition, are lower than they are to points west of that line.

Q. What shipping arrangements have you for the transportation of your coastwise and export traffic; do you issue through bills of lading to coastwise or export points?

A. When same move all rail, through bills of lading are issued. When same move through the gulf, or Gulfport, bill of lading is only given to the gulf port, shipper taking care of the lumber there and attending to its forwarding, etc.

Q. What rates do you obtain for the transportation of lumber from points on your road to Gulfport, when it is destined for coastwise or export transportation?

A. From 4 to 7 cents, varying according to the distance.

Q. Can you state what the average revenue you get is?

A. Our average would be, I presume, $5\frac{1}{2}$ to 6 cents.

Q. And the Illinois Central allows you 6 cents on part and 7 cents on the balance?

A. Yes, sir. But I would like to say one thing in connection with that: That all of this business that moves through Gulfport for export, at least 95 per cent of it, is rough lumber and much of it green; that there is very little kiln dried; consequently, while the rate per hundred pounds may be less, our

revenue on the same lumber is more than what we would get from our rail connections, there is so much water in it. Very little of it is kiln dried and none of it is dressed.

Q. So, in accepting from the Illinois Central six or seven cents per hundred pounds as your proportion of the through rates to points on or north of the Ohio River, you do not, as a matter of fact, get any more revenue than you would if the same lumber moved for export?

A. No, sir; about the same.

Q. State, for the fiscal year ending June 30, 1903, what percentage the revenue from the lumber traffic of the Gulf & Ship Island Railroad bore to the total freight earnings, and what percentage the tonnage of lumber of the Gulf & Ship Island road for said year bore to the total tonnage of said road?

A. The revenue derived from lumber for that year was 70.08 per cent of the revenue derived on all business.

Q. Does that include passenger as well as freight?

A. Yes, sir; on all business. The percentage of tonnage of lumber was 79.63 per cent of our whole tonnage.

I would like to interject something here. You asked the question as to whether this was 70 per cent of all of our revenue, including our passenger business. Well, now, it is my impression, my belief that it is, although these figures were compiled by our auditor, and I might be mistaken on that point; it might have been only of the freight, but my impression is, it is of all.

Q. Well, your annual reports will show?

A. Yes, they will speak for themselves and will verify it.

Q. Can you state, generally, whether or not the same relations have been maintained during the succeeding years, as to the revenue and tonnage of lumber, as compared with other traffic?

A. Practically the same.

CROSS EXAMINATION.

By Mr. Miller, for complainant:

Q. Mr. Hale, how much of the Gulf & Ship Island Railroad had been completed when you first became connected with it?

A. The Bradford Construction Company began work on the Gulf & Ship Island Railroad in October, 1895, and I entered their service in January, 1896. I became connected with the Bradford Construction Company up at Hattiesburg at that time. There was a little work being done on both ends of the line, from the Hattiesburg end and the Gulfport end, working from both ends. That was in January, 1896, and I have been with them ever since.

Q. Well, how much main line has the Gulf & Ship Island and how much branch?

A. At present, the distance from Gulfport to Hattiesburg, the main line, is a hundred and fifty-nine and a fraction, practically a hundred and sixty miles of main line.

Q. To Hattiesburg?

A. To Jackson; pardon me—to Jackson, a hundred and sixty miles. There is a branch, leaving the main line at Maxey

and going over to Columbia, about forty-eight miles. A branch leaving the main line at Saratoga and extending to Laurel, forty-one miles. A branch leaving the main line at Mendon Hall and extending in a southerly direction to Silver Creek, about twenty-nine miles. That is about what is operated today. The same is operated today as was operated when our last annual report was issued. There may be some fractions there, but that is about it.

Q. Well, do you know anything about the actual cost of the construction of the main line?

A. No, sir.

Q. How much of the branch line between Maxey and Columbia was acquired by your road from the Camp & Hinton Company?

A. None.

Q. How much of the line between Columbia and Lumberton was acquired from the Camp & Hinton Company?

A. None.

Q. What was done with the railway acquired from the Camp & Hinton Company?

A. The Gulf & Ship Island didn't acquire any from the Camp & Hinton people at all. If you want the question as to what became of the road that was once operated by Camp & Hinton Company, I will answer that question. From rumor, from hearsay, it was foreclosed and bought in by the Bradford Construction Company, a company who was building the lines for the Gulf & Ship Island Railroad.

Q. Then did the Gulf & Ship Island acquire it from the Bradford Construction Company?

A. Yes, sir.

Q. What I meant was, what part of the railroad between Maxey and Columbia was acquired by the Gulf & Ship Island Railroad which had formerly been operated by Camp & Hinton?

A. Sixteen miles, between Maxey and Lumberton.

Q. Well, sixteen miles, then, of that forty-eight miles is the same roadbed you have got now?

A. Some change of alignment has been made, and all such things as that.

Q. How much of the line between Laurel and Saratoga was acquired from Eastman & Gardner?

A. Now, I could only speak from hearsay on that, I cannot speak authoritatively from my own knowledge; I cannot answer that.

Q. Well, from your connection with the company what have you learned about it?

A. What I learned about it was that the Bradford Construction Company entered into a contract with the Eastman & Gardner people to pay them so much per mile for twenty miles of railroad out of Laurel.

Q. You do know that is now a part of the Laurel branch?

A. Yes, sir.

Q. Do you know how much those sixteen and twenty miles cost the Gulf & Ship Island Railroad?

A. No, sir.

Q. Have you not learned or heard from the officials from time to time?

A. What the Bradford Construction Company bought in or what the Gulf & Ship Island paid the Bradford Construction Company for either of them I don't know. I have heard that the twenty miles of road acquired of the Eastman & Gardner people, they were paid as a part consideration $8,000 a mile, as a part consideration.

Q. The balance was some trackage rights reserved?

A. Yes, sir.

Q. You don't know what was paid Camp & Hinton?

A. No, sir; I never heard.

Q. Did you never understand that they got twenty thousand acres of land for which they got $80,000?

A. No, sir.

Q. You never heard of it?

A. I heard that they got some land, but the prices I never heard anything about nor the quantity.

Q. Well, how does the main line of the Gulf & Ship Island compare with the branch lines in construction?

A. The main line is a heavier rail, it is a better track by reason of the banks being wider and heavier rail and the cuts perhaps being cleaned out more.

Q. In the original construction of the Gulf & Ship Island road, even the main line, do you know what proportion of second-hand rail was used?

A. No, sir.

Q. Weren't you on the road at the time that Captain Bullis represented both the railroad and the Bradford Construction Company?

A. Yes, sir.

Q. Don't you know, Mr. Hale, as a matter of fact, that a very large proportion of the rails laid were second-hand?

A. Yes, sir, I do know that; that is, the line between Hattiesburg and Gulfport. I know that a large proportion of the rail laid north of there was new rail.

Q. Well now, as a matter of fact, you were getting, prior to the completion of the road from Hattiesburg to Jackson, from 3 to 4 cents in the division of the through rate from your connections?

A. Yes, sir.

Q. After you got to Jackson, and got in connection with the Illinois Central, you got 7 and 6 cents?

A. Yes, sir.

Q. Well, don't you remember, Mr. Hale, that that construction from Hattiesburg to Jackson was pushed with great rapidity, and was very far from being first-class construction?

A. Yes, sir.

Q. As a matter of fact, the cuts were narrow and they followed the bottoms as much as possible, didn't they?

A. Yes, sir, when the road was first opened up; it is fair to say that afterwards all those things were improved and rectified.

Q. Now, it is also true that you got some heavy locomotives for lumber and other trains on the Gulf & Ship Island and that you found them impractical to use on account of the roadbed and track, wasn't it?

A. I don't wan't to answer your question yes or no; I think it is right that I should say more than that.

Q. Well.

A. The locomotive works were crowded and all the locomotives we could get were two heavy locomotives, which would not be taken by the people for whom they were ordered. They were about ninety-ton locomotives. Mr. Bullis, General Manager at that time, thought perhaps he could operate these locomotives, but he found that it wasn't safe to operate them owing to condition of the track. There were two of them.

Q. You then exchanged those for other locomotives?

A. No, they are still in operation on our line.

Q. I understand, but temporarily you made an exchange?

A. Yes, sir, temporarily we made an exchange.

Q. Swapped the use of them?

A. Exactly.

Q. Now, when was it that you first began to operate the present character of locomotives on your line—I understand you have very fine locomotives there now, heavy ones?

A. Well, our standard locomotive is about seventy-two tons. Then we have, I believe, eight locomotives of about seventy-two tons—our reports will show exactly—and an equal number of about fifty-six tons, or in the neighborhood of that. Still, these two locomotives that you referred to are twenty tons heavier, or nearly 30 per cent heavier, 20 to 25 per cent heavier, than our standard locomotives of today.

Q. You have taken those back, have you not?

A. We are operating them on the road.

Q. What size locomotives do you operate on the branch lines?

A. My impression is that, as a rule, they operate those locomotives of between fifty-six and sixty tons. Occasionally, I believe they run heavier locomotives over there when the traffic demands it, when the business is heavier and it is advantageous to take a heavier train.

Q. Well, you don't allow your cars to leave your line, except in insignificant numbers, do you, Mr. Hale?

A. No, sir.

Q. And in the traffic of this rough lumber and green lumber to Gulfport, you use flat cars almost exclusively, don't you?

A. Yes, sir.

Q. And they are loaded to full capacity, I suppose?

A. I should say that the average capacity of those cars, the average load of those cars is fully sixty thousand pounds, because our tariff makes a minimum, the rates are on a minimum of fifty thousand pounds as against the interior on thirty thousand.

Q. The ship brokers and lumber exporters charter vessels that come there and take away these loads, do they not?

A. Yes, sir.

Q. The Gulf & Ship Island Railroad has no regular steamship connections or ship connections?

A. No, sir.

Q. The annual reports that Mr. Gee said he would file, the annual reports will show, of course, the equipment?

A. Yes, sir.

Q. Do those reports show when this equipment was acquired?

A. By taking 1893, for instance, and then 1894, you can see the increase, you know and you can get it in that way. I think it does, though, I think it tells about what increases have been made in the equipment during the past year.

Q. Are you at all familiar with the financial state of the Gulf & Ship Island Railroad?

A. I would say no.

Q. You don't know the cost of construction?

A. No, sir.

Q. Or equipment?

A. No, sir.

Q. You don't know what money was realized from the stock of the company?

A. No, sir.

Q. Nor from the land as gotten?

A. No, sir.

Q. You do know, as a matter of fact, that that land was gotten?

A. I do know of one case in particular where I drew up a deed, copied a deed, made a copy of a deed for some parties to sign for some land sold.

Q. How long ago?

A. That was about eight or nine years ago?

Q. Do you recollect the rate per acre?

A. Yes, sir.

Q. How much was that?

A. Four dollars.

Q. That same land is now worth twenty to twenty-five dollars per acre, isn't it?

A. Thirty wouldn't buy it, I should say. I am no land man, but that is what I understand.

Q. Now, do you know what sources of revenue the Gulf & Ship Island Railroad has, outside of its traffic, passenger and freight traffic?

A. Practically none.

Q. Wasn't something said here yesterday about a dock charge on lumber?

A. Well, that is connected with the traffic to a certain extent. There is a fund that amounts to a small showing under the head of "Miscellaneous Earnings." The whole thing would appear in our annual report. For instance, we have a charge of one-half cent for the use of the docks, but it is predicated on the traffic coming into the port.

Q. Do you know anything about the original contract made between the Gulf & Ship Island Railroad and the Illinois Central Railroad—a ten-year contract? It was, I think, offered in evidence?

A. There is a contract, but it is not exactly that either, but there was an agreement between the two lines, which was made before the line was extended into Jackson, in which the Illinois Central stated they would give us these divisions at Jackson, based upon the contract that we put our line into Jackson instead of some other point.

Q. The Eastman & Gardner Company and Camp & Hinton are very large shippers, are they not, of lumber?

A. The Eastman Gardner Company—yes, sir, they are both to be considered large shippers.

Q. The Gulf & Ship Island Railroad controls the tonnage of those two concerns, doesn't it?

A. Yes, sir.

Q. As long as freights are equal to common points?

A. Yes, sir.

Q. Do you recall how much lumber the Eastman & Gardner Company ships?

A. It would be an estimate at best.

Q. Isn't it something in the neighborhood of sixty-five million (65,000,000) feet per annum?

A. I haven't figured it out. I know that that is on their bill heads, and I know about the number of cars we get from them a month; something of that kind, at least. I used to know better than I do now.

Q. They don't export at all, do they?

A. Yes, sir.

Q. Do they?

A. Yes, sir; they find it to their advantage, some of their lumber to export.

Q. Camp & Hinton export almost exclusively, or very largely?

A. I should say something about half and half, something of that kind.

Q. What is the rate, or what is the distance from Lumberton to Gulfport?

A. Lumberton to Gulfport, about sixty miles.

Q. What is the distance from Hattiesburg to Jackson?

A. Ninety miles.

Q. Is it ninety?

A. It is ninety, or eighty-nine and a fraction. It is practically ninety miles.

Q. You didn't say what was the rate from Lumberton to Gulfport?

A. I think it is 6½ on export business, to the best of my recollection.

Q. Is there any difference for coastwise?

A. Yes, sir.

Q. What is that?

A. I think it is 7 cents. We make a difference between export and coastwise rates.

Q. You are not sure, though, are you?

A. Yes, sir, I am sure we do make a difference, but just exactly what the difference is I am not sure.

Q. I understand, but are you sure about the rate?

A. No, I am not.

Q. Well, what is the rate from Laurel to Gulfport?

A. Seven cents, is my recollection.

Q. What is the distance?

A. About a hundred and fifty-two miles.

Q. What is the distance from Laurel to Jackson?

A. Laurel to Jackson is about ninety miles.

Q. And the rate?

A. The rate depends on where the shipment goes to.

Q. If it goes to Central traffic traffic territory?

A. Seven cents is our proportion of the through rate. I would be glad if you would ask me why the discrepancy in those two rates exists.

Q. You stated that.

A. No, I beg pardon, I did not; why we charge 7 cents to Jackson, for ninety miles, and why 7 cents is charged to Gulfport, a hundred and fifty-two miles.

Q. I was not concerned with that, I only wanted the facts, I don't care anything about the reasons.

A. Well.

Q. You said a while ago that the Gulf & Ship Island did not participate at all in the movement to advance the rate on lumber, and, as I believe it is a fact, the Gulf & Ship Island does not share at all in that advance?

A. To that territory, no, sir.

Q. It does not share in any advance due to the increased tariff, through tariff effective April 15, 1903, does it?

A. To the territory north of the Ohio River, Central Traffic Association territory, no.

Q. That is to say, the tariff of which complaint was made in this case, the Gulf & Ship Island got no benefit then from that?

A. To the territory north of the Ohio River in the Central Traffic Association territory, no, sir.

Q. Was it allowed any advance, or did it submit to any reduction or shrinkage on freights, lumber freights, destined to points south of the Ohio River?

A. Now, it may be that there are some few points south of the Ohio River to which the rate has been increased and we receive a part of said increase, for instance, if the rate to Nashville had been increased, we would have received a small portion of it; but were the rate increased to points on the Illinois Central Railroad in this same territory, for instance Jackson, Tenn., we would have received no portion of said increase, even though the increase would have amounted to four (4) or five (5) cents. There would have been an increase in our proportion only in cases where the through rate to points on foreign lines south of the Ohio River had been increased, and instances of the through rate being increased to such points are extremely rare.

Q. From 1897 up to 1900 your connections were at Hattiesburg with the Northeastern and thence via Meridian with the Southern, and the Mobile & Ohio and the Alabama Great Southern?

A. Yes, sir.

Q. And south, at Gulfport, your connection was with the Louisville & Nashville? You had no other means then of distributing or sending lumber to interior markets, had you?

A. No, unless we handled it through Gulfport and by water.

Q. I understand, but when were you first able to make use of the harbor?

A. It was about 1902. Practically, no, that was the only connections we had.

Q. In other words, you didn't have any shipping facilities at Gulfport until after the completion of the road to Jackson?

A. Yes, sir.

Q. Well, during that period, between 1897 and 1900, your road got three and four cents for its share of the through rate?

A. Yes, sir.

Q. Now, you say that when this advance was made, in 1903, you had your choice between charging your local rates to Jackson or Hattiesburg, as the case might be, and then the shippers of lumber would have been compelled to pay your local rates, plus the through rate of the other roads from those points, or from Gulfport by the Louisville & Nashville, which would practically have put them out of business. What about the effect upon your own line if you had undertaken such a policy?

A. What hurts our shippers hurts the railroad.

Q. Of course, if your shippers were put out of business your railroad would be put out of business?

A. Yes, no doubt but that we would have suffered by it.

Q. You wouldn't have even gotten the three or four cents you got before?

A. Up to the time our harbor was opened, no. There was certain territory; we could have shipped into New Orleans a little for an outlet.

Q. Mr. Hale, isn't it a matter of fact that the management of your road was strongly averse to that increase at that time, and didn't you so inform shippers on your line, that it was done in spite of you, that you couldn't help it?

A. I will say yes.

Q. Have you since joined the Southeastern Mississippi Valley Association?

A. Yes, sir.

Q. Were you ever informed by the traffic department of the Illinois Central Railroad that even if you should attempt a reduction of your rate, that they would not permit it to become effective?

A. I know of no such notice for the reason that I was not in charge of the traffic department when those rates were advanced.

Q. Well, subsequent to that time, since the Commission acted in this case, are you aware of any such declaration on the part of the traffic department of the Illinois Central Railroad?

A No, sir.

By Mr. Miller, for complainant:

I will state, the reason for asking the question was, I was informed by one of your representatives that it would not be possible for the Gulf & Ship Island to make a reduction that would be effective on through traffic on lumber. I do not intend this as a matter of evidence, but merely to explain why I asked the question.

Q. If you had shrunk your proportion, then the shippers on your line would have had that much advantage over the shippers on the Illinois Central proper, south of Jackson, wouldn't they?

A. We never could have gotten the shipments through, I don't think.

Q. You couldn't have?

A. I don't think so.

Q. Why, Mr. Hale?

A. It is only an inference of mine, but I would think, if we didn't charge our full proportions up to Jackson, that the Illinois Central would have absorbed the undercharge. It is customary amongst railroads to absorb an undercharge and they handle the through rate from the territory to the destination, regardless of whether it is on the Gulf & Ship Island or Mississippi Central or any other road, the through rate from this territory down here that we are speaking of, Mississippi territory to Chicago is 26 cents; when the shipment gets up to Chicago, they will collect the 26 cents regardless of whether anybody else has charged less or not, the through rate is protected.

Q. Isn't that because they want to hold up the rate on their own shippers?

A. I couldn't tell you what the cause is.

Q. Does the Gulf & Ship Island Railroad make any allowance to its feeders, if it has any, out of the through rate which reduces its proportion to Jackson?

A. I know, in an indirect way from conversation with our traffic people, that we accept, we take business which is competi-

tive to us, off the Mississippi Central territory, the Mississippi Central Railroad, the Mobile, Jackson & Kansas City. Now we don't take the Mississippi Central at present; we take the Mobile, Jackson & Kansas City business and we haul it to Jackson for less than what we get on our own business.

Q. Do you recollect what that is?

A. My recollection is that we haul that business to Jackson for 3 cents a hundred.

Q. That is a small proportion of the traffic you actually handle, though, isn't it?

A. Yes, sir.

Q. How many feeders of that sort have you? Just two, I believe?

A. Well, at the present time we get some lumber from the Mobile, Jackson & Kansas City, but I don't think we get it from the Mississippi Central now.

Q. There was a time for awhile that you made what was called a tap-line allowance to some of your shippers who had logging roads or logging rights, was there not?

A. I would say yes, we did, at competitive points, I think. My recollection is that we did.

Q. For a short time you allowed Eastman & Gardner something like 2 cents a hundred, didn't you? Along about 1901?

A. I don't know when the date was, but I think that that is correct.

Q. And the Newman Lumber Company, didn't you allow them a division?

A. My impression is that we did.

Q. I suppose that was on the milling-in-transit principle, wasn't it?

A. I don't recall now. I suppose it was. I don't recall what the cause of it was.

Q. The lumber was manufactured at Junction points?

A. Yes, sir.

Q. In all three of those cases?

A. Two cases.

Q. Camp & Hinton also?

A. I don't think so.

Q. Well, during that period, the Newman Lumber Company was a very large shipper, wasn't it?

A. Yes, sir.

Q. You never bought their road?

A. No, sir.

Q. Do you know whether the Newman Lumber Company still gets any division of the through rates on lumber manufactured at or near Hattiesburg from logs hauled in over their road?

A. I couldn't say.

Q. Well, if the practice has ceased, do you know when it ceased, of making any allowance?

A. On lumber that is manufactured at Hattiesburg?

Q. Yes.

A. I could't tell you anything about it, sir?

Q. They have established a mill in the interior also, haven't they?

A. Yes, sir, I believe two.

Q. Mr. Hale, I think you only gave the number of cars approximately and the number of feet absolutely that went out via Gulfport, not all of it, however, being brought into Gulfport by the railroad. Have you got the quantity shipped during the same years by your rail connections?

A. No, sir; but I think you can get that data perhaps out of the report, my impression is that it will show.

Q. If the reports don't show it, will you be kind enough to make up a statement showing that for the same period, and mark it for identification and send one copy to me to be used as evidence in this case as a part of your testimony, and one copy to Judge Baxter?

A. I couldn't give the number of feet. I can give the number of cars and you can average the weight, which would simplify it a good deal.

Q. Very well.

A. To points north of the Ohio River, etc.?

Q. All of it?

A. I have here, to points on or north of the Ohio River: In 1902, 22,799 cars; 1903, 22,441 cars; 1904, 15,850 cars; 1905, 21,118 cars.

Q. Are you able to show the distribution of that, as between the Illinois Central and other lines?

A. No, sir. I can tell you about what the division is.

Q. I would rather have that accurately if you can make a statement.

A. Give you what proportion was delivered to our three connections?

Q. Yes, sir.

A. Very well.

Q. Just mark it for identification to be used as a part of your testimony and send one copy to me and one to Judge Baxter.

A. I will do so.

Q. Of all this lumber that went through the port of Gulfport, did not a very considerable quantity come from mills on Pearl River and Jordan River and elsewhere near the Mississippi coast?

A. Yes, sir.

Q. Are you able to state now approximately what proportion of lumber came by water to Gulfport?

A. More than half.

Q. From the figures in the statement?

A. More than half.

Q. You cannot give the coastwise movement, can you?

A. No, sir, I wouldn't know, because a shipment might come down there and we not know where it went to.

Q. That is all arranged by the ship brokers, isn't it, and mill men?

A. Yes, sir.

REDIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. Is there any explanation to the testimony which you have given, or any additions which you desire to make, if so, state that?

A. With reference to those last figures in regard to the movement of cars from this territory to points on and north of the Ohio River for the four years from 1902 to 1905, I would like to say something in regard to that.

In 1902 and 1903, where each year is shown as twenty-two thousand cars: There was a very large movement into St. Louis, an abnormal movement into St. Louis. And again, at that time we were receiving a great deal of lumber from the Mississippi Central Railroad, the railroad that runs west out of Hattiesburg, which caused our number of cars for those years to appear abnormally large. In 1904 and 1905, the Mississippi Central saw it was to their advantage, or deemed it to their advantage, to turn their business over to some other railroad, to other railroads than the Gulf & Ship Island Railroad, and it brought about a reduction in our forwarding, making a drop from twenty-two thousand in 1903 to 1904 of nearly seven thousand cars. They diverted their business. And again, in 1904 and 1905, the lumber which had gone to St. Louis, the buildings had been wrecked and all that lumber was thrown on the market, which cut off the demand to a certain extent for lumber from this territory.

Now, there is something else that I would like to state in regard to the tonnage and the business of the Gulf & Ship Island Railroad. It is shown that from seventy to seventy-five per cent (70 to 75 %), say, of the business, the revenue of the Gulf & Ship Island Railroad, is derived from lumber. Of the remaining 25 per cent fully two-thirds, or ninety per cent (90 %) of the revenue of the Gulf & Ship Island Railroad is derived from the lumber business. To illustrate that, a mill starts up at Quincy; immediately they go in, all their supplies, their machinery, their laborers, their grain and their thousands of things come in. The mill goes into operation, and there is a continual supply of feed, commissary goods to supply all the operatives of that mill. In five or ten years, after that goes on right al ng, the lumber is cut out, the mill is abandoned, the people have moved away, there is nobody to get on or off at that spot, that business is absolutely obliterated just as much as if you would throw a dollar into the river, it has gone out of sight, there is nothing more of it. While that mill is in operation, the passenger travel going to and from the mill by lumber people and the operatives, etc., is considerable; all that is suspended. So, in a word, when the lumber is cut off the Gulf and Ship Island Railroad, it is a fair presumption that 90 per cent of the business is gone; and this is the view of it taken by the people, the business and moneyed people of the country, because the people from whom the Gulf & Ship Island Railroad got money on their bonds required that every year $50,000 of bonds shall be bought up and retired, because the principal on which they have got their security is dwindling all the time. And that is one of the reasons why it is equitable for a logging road to have a large per ton per mile revenue, because it has a transitory existence, they are just taking of their cream.

RECROSS EXAMINATION.

By Mr. Miller, for complainant:

Q. I want to ask you a question there: If it is not a fact that a very large number of towns of considerable size have sprung up along the line of the Gulf & Ship Island Railroad since its completion to Jackson, many of which do not rely on the lumber traffic, on the lumber mills?

A. No.

Q. Isn't it a fact that a large number of towns have sprung up on the line between Hattiesburg and Jackson?

A. Yes, sir.

Q. Well, isn't that a very, or rather, populous country, and isn't agriculture pursued very advantageously?

A. Comparatively, no. Our reports, which you will have on file here, will show you the proportion of our business, of our revenue, of our tonnage, which is derived from the handling of cotton, which for these three years will average about 1½ per cent. These towns that you refer to, their mainstay is the lumber, is the saw mill. You start from one end of the line to the other and you will see where the increases have been, you will find that it has been the lumber mill all the time, and lumber operations.

Q. Do you know anything about a very rosy book, supposed to have been issued under the auspices of the Gulf & Ship Island Railroad, and circulated pretty freely at or about the time its last bond issue was being put on the market, and which contained a statement to the effect that as fast as the country was denuded of timber, that agriculture or the products of agriculture took its place and furnished abundant business? Do you know anything about that book?

A. I know a book was issued by the parties who were selling the bonds, in which they described the country in most glowing terms in order to sell their bonds. The Gulf & Ship Island Railroad was really not responsible for the article. Our reports, which are on file with you, will show how true their statements are.

Q. Mr. Hale, does your annual report show the retirement of $50,000 dollars of bonds per annum, or is it a sinking fund created for that purpose?

A. My impression is it does not show it, that is my recollection from having read it. But I know from what I have been told by our President, according to the agreement between the fiscal agents and the railroad, that the $50,000 of bonds have to be retired each fiscal year, unless the bonds are bringing a market value of over 110, in which event they don't have to be bought up, but if they can be bought up for 110 or under, they have to be bought up and put into the hands of the trustees.

Q. You don't know from what source the money comes to make those purchases?

A. I suppose it has got to come from the net income.

Q. A question I may have asked you about Mr. Hale: Do you know the maximum tonnage of trains that was deemed safe to haul over the Gulf & Ship Island road between Hattiesburg and Jackson from 1900 on?

A. The maximum tonnage of trains hauled from 1901 to date?

Q. 1900.

A. From 1900?

Q. The maximum tonnage hauled in trains?

A. No, it would only be an estimate or a guess if I were to say.

Q. Well, as a railroad man, do you know whether or not they were considerably below the average on railroads?

A. I couldn't say.

Q. Well, you do know that they haul much heavier trains now than they did four years ago, don't you?

A. I would say yes; heavier locomotives and track in better condition.

Further this deponent saith not.

(The signature of the witness is waived.)

L. Green, the next witness introduced, being first duly sworn, deposed as follows:

DIRECT EXAMINATION.

By Mr. Baxter, for defendants.

Q. You have heretofore testified in this case before the Interstate Commerce Commission, have you not, Mr. Green?

A. Yes, sir, and also before Judge Niles, in the Federal Court.

Q. When was the testimony, taken before the Commission in this case, finally closed?

A. February 15–19, 1904.

Q. At Washington?

A. At Washington, yes, sir.

Q. State what changes, if any, have occurred since the last testimony was taken before the Commission in this case, in the circumstances and conditions affecting the reasonableness of the rates on lumber made effective April 15, 1903, from points in Mississippi, Louisiana east of the Mississippi River, and Western Alabama, to Ohio River points and beyond?

A. The advance of 2 cents a hundred pounds to points on and north of the Ohio River in rates on lumber from Mississippi, etc., took effect on April 15, 1903. Prior to that time there had been great activity in the lumber market in that section, prices were high and demand very strong, largely due to the fact that the railroads were heavy purchasers of structural timber and other lumber for their own use. The demand for lumber in the building trade was also very good and the prices high. Those conditions continued until some time during the last half of 1903, when the movement began to diminish because of the fact that the railoads had retired from the market for cars, our company, for instance, having bought only 703 freight cars, in the entire year 1903, and due to other depressing conditions; probably owing to the approaching Presidential election and some uncertainty as to the outcome of that, and stringency in the financial market which curtailed operations generally; those conditions continued through the first half of 1904. On June 29, 1904, the secretary of the Southern Lumber Manufacturers' Association, at St. Louis, sent out a circular letter addressed to members and manufacturers, stating that "as a result of the interchange of information regarding the condition of stocks and the steady accumulations since January 1, members and manufacturers representing over 75 per cent of the output in the States of Missouri, Arkansas, Texas, Louisiana, Mississippi and Alabama have decided to reduce their running time at saw mills at least 33⅓ per cent, beginning July 1. It is believed if those who

have not yet decided to reduce running time will cooperate, the deplorable conditions now prevailing will soon be relieved."

These conditions naturally resulted in a curtailment of the movement. The action on the part of the mill owners, beginning on July 1, 1904, reducing their output one-third, of course, affected the movement. Prices were also somewhat affected, and in February, 1904, a reduction of prices was made, the prices then adopted being lower than they had been for a considerable period before that, and lower certainly as to some classes of lumber than they had been since March, 1901. This low scale of prices, however, was temporary, and they began again to advance in August, 1904. I have a statement, marked Exhibit No. 1, which gives a comparison of prices on yellow pine lumber at points north of the Ohio River taking a rate of 23 cents, that prevailed in January, 1904, prior to the reduction; in February, 1904, when the reduction was made; in August, 1904, when the prices began to advance, and in February, 1906—that is, the present prices. This statement shows that in January, 1904, the price of "A Edge Grain Flooring" was $29 per thousand feet. In February it had been reduced to $26. It was the same in August. But at the present time it is $35.50, an advance of $9.50 per thousand feet since February, 1904.

"A Flat Grain Flooring," worth $21 in January, 1904, reduced to $19.50 in February, 1904, and advanced to $20.50 in August, 1904, and is now $29.50, an increase of $10 as compared with February, 1904. The entire list was not advanced in August, 1904, but has been advanced subsequent to that time, as I will hereafter show.

Now, as showing the reasons for the improved conditions since the short period of depression, between February and August, 1904, I previously stated that the Southern Railway ordered only 703 freight cars in the entire year of 1903. We ordered none

the first half of 1904, but from June 1, 1904, to June 1, 1905, the Southern Railway ordered 10,503 new freight cars. And since June 1, 1905, to date we have placed additional orders for 11,806 new freight cars. Other railroads in the country have placed large orders for freight car equipment and practically every car works in the country is now running full time and is behind with its orders. Therefore, the existing conditions with respect to the lumber traffic to points on and north of the Ohio River are substantially different from those existing in February, 1904, in that the demand is very much greater and the prices are very much higher.

Q. When the Southern Railway made the advance of 2 cents per hundred pounds in the lumber rates which took effect April 15, 1903, did it at that time contemplate or foresee that it and the other railroads would curtail the number of cars purchased or constructed by them, as was afterwards done?

A. It did not. As a matter of fact, the advance that was made on April 15, 1903, was intended to go into effect March 1, 1903, and was the result of consideration given as to the conditions surrounding the lumber traffic in December, 1902, and January, 1903, long before these conditions arose subsequent to April 15, 1903.

Q. Were any similar curtailments made by the important trunk lines north of the Ohio River about the same time that the Southern railways began to curtail their expenses as far as they could?

A. It is my information that the railroads generally, and particularly in the East and North, called a halt in their expenditures for improvement, for new equipment, because of some apprehension as to the disturbance of the money market and a possible curtailment of business.

Q. Was it not understood, Mr. Green, that the fact that the railroad companies all over the country began to curtail their expenses after this advance was made, was due to the Presidential election?

A. I think that unquestionably had a very important bearing on the question affecting the minds of the railroad management, as in the East.

Q. Was it confined to the railroads of the country or did it extend to other business enterprises?

A. I think it affected all financial enterprises and all building operations generally.

Q. After the Presidential election was over, did the revival of prosperity begin?

A. Yes, sir, I think confidence was restored even before the Presidential election was held, and that the revival began in advance of that time.

Q. State the official prices of yellow pine as compiled by the newspaper known as The American Lumberman, from the records of the Southern Lumber Manufacturers' Association, based upon rate upon lumber of twenty-three (23) cents per hundred pounds upon each of the classes of lumber, for each of the months from February, 1904, to February, 1906, and if you have that in tabulated form you can file it, if you please, as an exhibit to your testimony.

A. I will file same as Exhibit No. 2 to my testimony. It shows not only the prices during the period named, but the amount of the advance since February, 1904, and the number of advances on each class of lumber, and that an average of $6.08 per thousand feet, or thirty-two (32 %) per cent advance has been made since February, 1904.

Q. State what the newspaper known as The American Lumberman professes to publish in regard to yellow pine prices, whether or not its publications are regarded as reliable and authoritative by those interested in the lumber traffic?

A. The American Lumberman is a reliable lumber trade journal and generally accepted as an authority with respect to market conditions and prices of lumber throughout the country.

Q. State how many advances have been made by the Southern Lumber Manufacturers' Association in the prices of yellow pine lumber since February, 1904?

A. That is shown in my Exhibit No. 2.

Q. Can you state succinctly how many there are?

A. Well, sir, they vary as to the classes of lumber.

Q. Well, take any one class?

A. Well, they range from four advances on three of the sizes, to as many as nine on one of the sizes named in The American Lumberman's schedule.

Q. State how many advances, if any, have been made in the rates on lumber from points in Mississippi, Louisiana east of the Mississippi River, and Western Alabama, to Ohio River points and beyond, since February, 1904?

A. There have been no advances in rates on lumber from the section referred to since that time.

Q. Have there been any made since April 15, 1903?

A. No, sir.

Q. Have you caused to be correctly compiled a statement showing the movement of yellow pine lumber via the lines of the Southern Railway during the calendar years 1902, 1903, 1904 and 1905, from points in Georgia and Florida, and also from points in Alabama and Mississippi and Eastern Louisiana to points on or north of the Ohio River; if so, please file the same as an exhibit to your testimony and explain what said exhibit indicates?

A. I would like to file such statement, Mr. Baxter, as Exhibit No. 3, but I cannot do it at the moment because there is a gap in the information. I thought I had the whole thing here.

By Mr. Miller, for complainant:

There is no objection to that. Just mark it for identification and send me a copy and send one copy to the stenographer to be made part of your testimony.

By Mr. Baxter, for defendants:

Q. State whether or not the prices of yellow pine lumber used by the Southern Railway have increased or decreased, and within what periods, and what such increases or decreases have amounted to for said period?

A. The prices for yellow pine lumber used by the Southern Railway are substantially higher now than in February, 1904: indeed, they are higher now than ever heretofore. The average cost of pine lumber purchased by the Southern Railway for the six months, July to December inclusive, 1904, was $12.83 per thousand feet. For the corresponding period of 1905, the average cost was $16.52 per thousand feet, an increase of $3.69 per thousand feet, or 28.8 per cent. The total cost to the Southern Railway of yellow pine lumber purchased during the last half of 1905 was $290,179.83. The same lumber purchased at the

average price paid during the same period in 1904 would have cost $225,290.44, an increase in the expense of operation to the Southern Railway in the item of pine lumber alone of $64,889.39 for six months, or $129,778.78 per annum. The average price paid by the Southern Railway for yellow pine lumber for the six months, July to December inclusive, 1904, was $12.83 per thousand feet. The average price paid during December, 1905, was $18.06 per thousand feet. The prices paid now are not less than in December, 1905. Therefore, the present price represents an increase of not less than $5.23 per thousand feet, or 40.8 per cent as compared with the last half of 1904. The future purchases by the Southern Railway of yellow pine lumber will not be in less proportions than heretofore. The purchases for the six months ending with December, 1905, amounted to 17,559,660 feet, which, at an increase of $5.23 per thousand feet, based on present prices, would cost $128,370.22 more than at the average cost per thousand feet which was paid during the last half of 1904; in other words, on the basis of present prices, the operating expenses of the Southern Railway, in the item of yellow pine lumber alone, is increased $256.740.44 per annum by the increase in the price of yellow pine which it now has to pay as compared with the average price paid in the last half of 1904. These figures, however, do not fully represent the enormous increases that have taken place in the prices of yellow pine lumber during recent years. The average price paid by the Southern Railway for yellow pine lumber in the calender year:

1898..... .....was $ 9.70 per thousand feet.
1899. ..... was 10.43 per thousand feet.
1900. ....was 11.71 per thousand feet.
1901..... .....was 12.13 per thousand feet.
1902.....was 13.64 per thousand feet.

The average price in December, 1905, was $18.06 per thousand feet. It is not less at this time. This represents an increase

over the average price paid in 1898 of $8.36 per thousand feet, or 86.2 per cent. And this increase applied to the purchases during the last half of 1905 would have represented an increased cost to the Southern Railway for its yellow pine lumber of $147,798.75, or $295,597.50 per annum, which is not an exaggerated statement of the present and future increased cost of operation to the Southern Railway for its pine lumber alone.

But this is not all. I have made a statement, which I will file as Exhibit No. 4, which contains a comparison of prices of yellow pine lumber at points on and north of the Ohio River in February, 1898, with a freight rate of 22 cents, with prices prevailing in February, 1906, with a freight rate of 23 cents. In considering these figures due allowance should be made for the difference of 1 cent per hundred pounds in the freight rate, which represents a maximum of 45 cents per thousand feet. This statement shows increases in the prices of various grades of yellow pine lumber ranging from $5.25 per thousand feet, which is the smallest increase, to $22 per thousand feet, which is the maximum increase.

Q. State whether or not the advance of 2 cents per hundred pounds, from Mississippi territory, complained of in this case, applied to any points south of the Ohio River, and if so, to what points?

A. Yes, sir, to quite a number of them, notably: Lexington, Ky.; Nashville, Tenn.; Memphis, Tenn.; Burgin, Campbellsburg, Carlisle, Chilesburg, Elkton, Eminence, Erlanger, Falmouth, Frankfort, Georgetown, Hopkinsville, Junction City, Lancaster, Midway, Millersburg, Mount Vernon, Nicholasville, Paris, Pleasureville, Richmond, Russellville, Shelbyville, Stanford, Versailles, Walton, Winchester, Williamsburg, Yarnalltown and other points.

Q. What increase, if any, has there been in the prices of materials used by the Southern Railway other than lumber and in wages paid to employes since February, 1904?

A. There have been substantial increases in the prices of material other than lumber and in wages paid to employes. I would like the privilege of submitting details as to that in an Exhibit, No. 5. I have not all the figures, but will supply them and file it.

(It is agreed by counsel that this may be done, the paper marked for identification and filed with the stenographer as an exhibit.)

Q. Have you caused a careful inquiry to be made from reliable lumber dealers in Atlanta, Ga., as to the prices of various kinds of lumber, yellow pine lumber, during the months of October, 1902, 1903 and 1904, and each succeeding month from October, 1904, to June, 1905, inclusive, and have you caused to be carefully compiled a statement showing the results of such inquiry? If so, file it as an exhibit to your testimony and explain what it indicates?

A. I have such a statement, which I file as Exhibit No. 6. It shows a comparison of prices in Atlanta of various kinds of yellow pine lumber in October, 1902, 1903, 1904, and in each month subsequent to October, 1904, to June, 1905, inclusive. This statement shows substantial increases in the prices of all kinds of lumber during that period.

Q. State whether any advance was made in the lumber rates to Atlanta corresponding with the 2-cent advance in lumber rates complained of in this case?

A. There was not.

Q. If you have not with your original testimony filed copies of the Articles of Association of the Southeastern Mississippi Valley Association and the Southeastern Freight Association now in force, please do so now?

A. My recollection is that I filed the Articles of Association of the Southeastern Mississippi Valley Association with the Commission on the hearing at New Orleans in this case, and that the Articles of Association of the Southeastern Freight Association were filed in the Atlanta hearing in the Tift case. I don't think they have gone into this case. However, I have copies here of each, which I mark as Exhibits Nos. 7 and 8 respectively.

Q. Explain why it is that the proportion of the through rates involved in this case allowed to the originating roads are greater per ton per mile than the proportions accepted by their connections which carry the lumber to the Ohio River or other ultimate destinations?

A. The originating lines in the lumber territory are, generally speaking, short lines, dependent entirely, or to a very large extent at least, on the lumber traffic. In other words, they have practically no other resources. It is customary generally in the division of rates on traffic, which one line may originate locally —that is, at purely local stations, or in the divisions of rates destined to the purely local stations of a carrier—to allow such line what is called its local rate. The proportions allowed the lumber roads in the division of through rates are not as great as their local rates, but the allowance of a greater proportion per mile is a recognition of the general principle which pertains in the division of rates to and from local points, and of the additional fact that the lumber traffic is practically all that the originating road has to sustain it.

Q. It is said in the report and opinion in this case that "lumber is a low-class traffic (class 6 in both the Southern and Official Classification), much below the average classification." Is it true that lumber is in class 6 in both the Southern and the Official Classifications, and is it true that class 6 is below the average classification?

A. It is true that lumber is rated at sixth class in both the Southern and Official Classification. That, however, is what might be termed a "paper rate" because it is rarely, if ever, applied to a carload shipment of lumber. Lumber moves almost entirely at special class rates provided for it or at commodity rates, which are made without regard to the rating in the classification. The rates actually applied to the lumber traffic are very much lower than the sixth class rates, as evidence of which, I submit Exhibit No. 9, which compares the existing lumber rates from representative points in Alabama, Mississippi, East Louisiana to representative lumber receiving points on and north of the Ohio River, with the existing sixth class rates between the same points. Sixth class is probably less than the average of the thirteen numbered and lettered classes usually called merchandise classes. Sixth class is not below the average of all class rates, and is very much above the average of rates applied generally to classes and commodities, and as lumber is almost invariably handled on a commodity basis, any comparison made of the lumber rates should be on commodity rates and not with merchandise classes which move, as a rule, in less than carloads.

Q. Does the Exhibit No. 9, which you have filed, contain a comparison between the commodity rates on lumber, which are in controversy in this case, and rates on sixth class traffic between the same points?

A. Yes, sir.

CROSS EXAMINATION.

By Mr. Miller for complainant:

Q. Mr. Green, have you with you copies of the annual reports made by the management of the Southern Railway to its stockholders for the years ending June 30, 1904, and June 30, 1905?

A. I have with me only a copy of our last annual report for the year ending June 30, 1905. I don't know whether I could obtain the other or not.

Q. Well, will you please file that in evidence, to be marked Exhibit No. 10?

A. Yes, sir, and I will be very glad to furnish the other if you think it is needed.

Q. Yes, sir; will you kindly send to me, to be marked Exhibit No. 11 for identification, a copy of the previous report, to be used as a part of your testimony in this case, sending a similar copy to Judge Baxter?

A. Yes, sir.

Q. I will ask you, Mr. Green, if you have made a comparison of the prices paid by the Southern Railway with the prices quoted from The American Lumberman or Southern Lumber Manufacturers' Association, to determine whether or not the variations and increases are substantially the same?

A. I have not, sir. The comparison that I have made will speak for itself. I have given both the prices of one and the prices of the other. Really, it did not occur to me to make that kind of an analysis.

Q. You don't know, then, and you have not examined to see whether there has been an actual difference?

A. Oh, yes, I should say, speaking from memory of the figures as I have just gone over them, that the prices paid by the Southern Railway are lower than—that is, the average price is lower than the average prices of this statement quoted from the Lumberman's Association, that the increase has perhaps been a little less to us than to territory north of the river.

Q. Subject, of course, to analysis?

A. Oh, yes, sir; certainly.

Q. Mr. Green, as a matter of fact, have the gross and net earnings of the Southern Railway increased since 1903?

A. Both the gross and the net?

Q. Yes, sir. I am not talking about proportions.

A. I understand. You mean, has there been an actual increase in the net and gross earnings of the Southern Railway since 1903?

Q. Yes, sir.

A. Yes, sir. I can give you the figures if you like.

Q. If you please?

A. Shall I read the figures in?

Q. Yes, sir.

A. For the year ending June 30, 1903: Average mileage, 7,129.39 miles; gross earnings, $42,354,060; net earnings, $11,364,920.

For the year ended June 30, 1904: 7,164.39 miles (an increase of thirty-five miles); gross earnings, $45,109,777; net earnings, $11,994,310.

For the year ended June 30, 1905: 7,198.99 miles; gross earnings, $48,145,108; net earnings, $13,062,593.

Q. Mr. Green, in the Ninth Annual Report of the Southern Railway to its stockholders this statement occurred, as I remember: "While the gross earnings increase is large, if equipment, yard and shop facilities had been equal to the demand upon them; if the traffic had been handled under normal instead of congested conditions, the results would have been much improved. It is confidently believed that with the improvements now in progress much better operation results will be obtained." Has that prediction been verified?

A. Not entirely. The business of the country has been increasing right along since that time, and while we have improved our service and increased our equipment, our motive power and terminal facilities, and have obtained some benefit in the question of operation from those increases, we have a very large amount of work yet to do. What we expected at that time would be adequate equipment did not begin to meet the demands. As I have already stated, we have, since last June, ordered 11,000 cars, and I don't suppose anybody anticipated when that Ninth Annual Report was made that we would require such a large addition to the equipment. We have not accomplished the results that it was believed at that time would be accomplished. We have partially done so.

Q. As a matter of fact, owing to the enormous offerings of business in 1902, there was congestion and great difficulty in handling it, wasn't there?

A. Well, sir, there were many causes of that, so far as the Southern Railway was concerned, Mr. Miller. I suppose the Southern occupies a peculiar position with respect to the handling of its business. The company was organized on the 1st of July, 1894, and it came into possession of a lot of properties that were poorly equipped, that were run down in every respect, and almost beginning with its organization the expansion of business began, so that our difficulties were very much greater in taking care of the increased business than were those of the old lines that had been under good management for many years and had been kept up and improved and prepared to meet the increased business.

Q. Well, the prospective, growing and increasing business over your road justified or necessitated this enlarged equipment that you have spoken of, did it not, in the way of cars?

A. Yes, sir, otherwise, of course, we would not have increased the equipment.

Q. Of course, you wouldn't have bought all those cars just for glory?

A. And I want to say in this connection, there was no part of the Southern Railway system that was built for the purpose for which it is now being used. It was all built originally as local lines; it is a big aggregation now of short lines that were not intended for the purpose for which the public demands of them now. For that reason, if for no other, we have had to spend large sums for improvement and for additional equipment to take care of the lines.

Q. Is the mileage that you have spoken of all the property of the Southern Railway, or is part of it leased lines?

A. A part of it is leased. I spoke of the operated lines. Part of the lines that we operate are leased lines. For instance, we have the North Carolina Railroad, which belongs to the State of North Carolina, leased to us for ninety-nine years. The details of all that is shown in the annual report.

Q. Can you state what leased mileage you have?

A. Our leased mileage, Mr. Miller, is 813.30 miles. Now that does not include trackage rights.

Q. Well, trackage rights, what?

A. We have trackage rights amounting to 461.97 miles.

Q. Well, does the leased mileage and the trackage figure in the 7,198.99 miles operated?

A. Yes, sir, that all figures. That was the average mileage operated for the year.

Q. Well, are those long leases, this 813.30 miles, is that a long lease, or are they long leases?

A. I couldn't tell you exactly, sir. I think I am safe in saying, however, that every one of them is.

Q. About how many years, do you know? Just your general understanding of it?

A. Well, certainly the most important ones are leased for a period of ninety-nine years. Some of them have been running for a good many years, I don't know how long. The North Carolina Railroad, which belongs to the State of North Carolina, 224 miles of that, was leased for a long period of time.

Q. That is a ninety-nine year lease, isn't it?

A. I think so. The same way with the Atlanta & Charlotte Air Line; it is the next largest factor.

Q. Does that report show the amount paid for trackage, for leases or for rent?

A. I think so; yes, sir. In the balance sheet I think that is all set forth.

Further this deponent saith not.

(The signature of the witness is waived.)

T. F. Steele, the next witness, being first duly sworn, deposed as follows.

DIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. Mr. Steele, you testified in this case heretofore before the Commission, did you not?

A. Yes, sir.

Q. You filed with your testimony before the Commission Exhibit No. 2, which was a statement showing, by months, January to October inclusive, 1902 and 1903, shipments of lumber via the New Orleans & Northeastern and the Alabama & Vicksburg, from Mississippi and Eastern Louisiana points, to points on and north of the Ohio River, including points east of the Mississippi River and west of the Buffalo-Pittsburg line. Have you, for the purpose of comparing the movement to the same territory of

destination, caused to be correctly compiled a statement showing the movement via the New Orleans & Northeastern and the Alabama & Vicksburg Railways, during the years 1902, 1903, 1904 and 1905? If so, please file said statement as exhibit No. 1 to your testimony and state briefly what it shows?

A. I have prepared such a statement and will now file it as Exhibit No. 1, and will furnish complainant's counsel with two copies of same, at his request.

Q. Are there any particular remarks that you want to make on that Exhibit No. 1, or does it speak for itself?

A. No, sir; it does not show the actual conditions so far as the movement via the New Orleans & Northeastern Railroad was concerned on account of the scarcity of equipment.

Q. Have you any explanation to make as to the conditions surrounding the movement of lumber traffic by the New Orleans & Northeastern Railroad and the Alabama & Vicksburg, in connection with the matter of car supply?

A. Since October 1, 1905, the New Orleans & Northeastern road has not had sufficient equipment to move all of the lumber offered. There is no way, of course, to get at the actual movement as it would have been had we had sufficient cars, but I know that we could and would have handled at least 2,000 additional cars within those three months had we been able to furnish the equipment. The Alabama & Vicksburg were short of cars—that is, in the months of October, November and December, 1905, the Alabama & Vicksburg was also short of equipment—but the decrease as shown in the movement from that line is accounted for principally by the fact that the lumber is exhausted.

The Alabama & Vicksburg can hardly be called any more a lumber-producing road. The timber extends not very much on to the Alabama & Vicksburg line; it is an old line and it has all been cut out, what there was. There are some few mills there yet, but they get less and less each year.

Q. Did the New Orleans and Northeastern Railroad or the Alabama & Vicksburg Railway receive any part of the 2-cent advance in rates on lumber complained of in this case?

A. Probably sixty per cent (60 %) of the lumber shipped to points north of the Ohio River goes by the Mobile & Ohio Railroad to Cairo, and on this lumber the New Orleans & Northeastern Railroad and Alabama & Vicksburg Railway received no increase in their proportion. Now they also received on shipments which went via the Alabama Great Southern Railroad to Indiana and as far east as all points in that State, 6 cents per hundred pounds prior to this increase of 2 cents in the lumber rate. There was no change in the divisions of the New Orleans & Northeastern or Alabama & Vicksburg by the Alabama Great Southern to that territory. The Alabama Great Southern has always allowed us 6 cents to points in Indiana. We gave them no business to points in Illinois or any other points west of Indiana, so that to all points on and west of the Indiana-Ohio line the New Orleans & Northeastern and the Alabama & Vicksburg have always received 6 cents and there has been no change. That leaves the State of Ohio, which on business forwarded via the Mobile & Ohio to Cairo, the New Orleans & Northeastern would receive 6 cents per hundred pounds. Now, on such business as went to points east of the Indiana line via the Alabama Great Southern, the New Orleans & Northeastern and Alabama & Vicksburg received 5 cents per hundred pounds up to this increase in the rate; we also received 5 cents on such business

as we sent there via the Southern, which was practically nothing. Only when a Southern car was loaded, happened to be loaded to that territory. After the advance, the Alabama & Vicksburg and the New Orleans & Northeastern received 6 cents per hundred pounds to the points east of the Indiana line. The Southern Railway did not increase its proportion at the time of the advance, but it was the 23d of September, 1903, or nearly six months afterwards that they finally agreed, in order to meet the competition of the Alabama Great Southern and Mobile & Ohio, to allow us this 6 cents. The Alabama Great Southern, you understand, increased its proportion from 5 to 6 cents to that territory more to meet the divisions allowed by the Mobile & Ohio than in consequence of any change in the rate. In other words, we had 6 cents to all that territory by the Mobile & Ohio Railroad, and it influenced the business that way. These other roads, to secure it, had to advance their divisions, and while the question of rates on lumber was being considered generally, these divisions were also taken up and they met the competition of the Mobile & Ohio.

Q. Then, if I understand you, the increase that your roads received in their divisions on the through rates in September, 1903, had nothing to do with the advance that was made in April, 1903? Is that correct?

A. Mr. Baxter, that is a fact, but if just put that way plainly, it looks like it was not a fact, because it came up at the same time. As I said, we were receiving this 6 cents to all this territory by the Mobile & Ohio anyway and could have sent all our lumber that way. Now, these other lines, when this advance came up—of course, we are always looking for a question of fair divisions—and I take it that all these roads asked was if they would not meet the Mobile & Ohio divisions allowed us, and the

Southern, after some five or nearly six months correspondence, agreed to it. The Alabama Great Southern did it at once. They saw the justice of our demand, and then they saw the competition of the Mobile & Ohio Railroad. On a rough estimate, I would say that our increase that we received from the Alabama Great Southern and Southern Railway, of 1 cent, was not on more than 15 per cent of the lumber handled.

Q. It was a mere change as to the road by which you were allowed the division. In other words, previous to that time you got the division of 6 cents from the Mobile & Ohio?

A. Yes, sir, and had always had it.

Q. And these two lines that were competing with the Mobile & Ohio gave you the same division as the Mobile & Ohio had been giving you all the time?

A. Yes, sir.

Q. State the published rates on classes 1 to F inclusive, from Hattiesburg, Miss., to Cairo, Ill.?

A. It would be well to state the distance, wouldn't it? As a matter of convenience?

Q. Yes.

A. The distance is 443 miles, and the rates are:

1st Class	$1.03 per 100 lbs.
2d Class	.89 per 100 lbs.
3d Class	.75 per 100 lbs.
4th Class	.63 per 100 lbs.
5th Class	.51 per 100 lbs.

6th Class	.43 per 100 lbs.
Class A	.36 per 100 lbs.
Class B	.325 per 100 lbs.
Class C	.34 per 100 lbs.
Class D (carloads)	.25 per 100 lbs.
Class D (less than carloads)	.30 per 100 lbs.
Class E	.41 per 100 lbs.
Class F (carloads)	.55 per barrel.
Class F (less than carloads)	.68 per barrel.
Class H	.62 per 100 lbs.

Q. Now, I wish you would state, in this connection, what the rates on lumber, complained of in this case, are from Hattiesburg to Cairo, per hundred pounds?

A. I think that is sixteen (16) cents. I thought the others had given that evidence and I didn't look it up.

Q. Well, it is in the record?

A. It is shown in the record. Sixteen cents, is my recollection.

Q. The Commission, in commenting upon the disproportion in revenue accruing to the originating roads for a comparatively short haul, and the revenue accruing to the trunk lines north of Jackson and Meridian, etc., states: "That the remedy for the unreasonably low proportions accruing to the trunk lines is not by an advance in the rate."

If 2 cents per hundred pounds should be subtracted from your proportions of all the lumber business to Ohio River points and beyond, on which the New Orleans & Northeastern receives 6 cents, please give an estimate of what the loss in revenue

to your companies per annum would be, on the basis of the actual movement for the years 1902, 1903, 1904 and 1905?

A. The losses would amount to, for:

1902	$94,451
1903	90,759
1904	53,568
1905	59,613

Q. State what effect, if any, said deductions would have upon the New Orleans & Northeastern Railroad from a financial standpoint?

A. As the New Orleans & Northeastern Railroad only paid dividends in two years, it would have prevented them from paying any dividends for the two years that they did pay them.

Q. State what dividends the New Orleans & Northeastern Railroad has paid from 1889 to 1903, inclusive?

A. The New Orleans & Northeastern paid no dividends from 1889 to 1903, inclusive. For the fiscal year 1903–4, it paid a three per cent (3 %) dividend, $180,000; 1904–5 it paid the same dividend.

Q. State the deficits and surpluses of the New Orleans & Northeastern Railroad from 1889 to 1905, inclusive?

A.

1889-1890—Deficit	$ 15,147 59
1890-1891—Deficit	94,393 95
1891-1892—Deficit	90,352 57
1892-1893—Deficit	137,867 13
1893-1894—Deficit	144,598 15
1894-1895—Deficit	137,961 72

1895-1896—Deficit	11,113 72
1896-1897—Deficit	79,536 46
1897-1898—Surplus	41 18
1898-1899—Surplus	11,176 59
1899-1900—Surplus	139,411 27
1900-1901—Surplus	90,546 96
1901-1902—Surplus	193,044 85
1902-1903—Surplus	253,809 38
1903-1904—Surplus	74,752 38
1904-1905—Surplus	84,123 53

Q. Explain what you mean by the terms "Deficit" and "Surplus?"

A. I don't know that I am able to do that, Mr. Baxter. As I understand it, the deficit as shown would mean that the road didn't pay its fixed charges by that amount. And by the surplus, I would understand it meant the amount over and above its fixed charges and whatever dividend was paid on the stock.

Q. You have already stated what dividends were paid by the company?

A. Yes, sir, I have stated the dividends.

Q. State what changes, if any, have occurred since the last testimony was taken before the Commission in this case, in the circumstances and conditions affecting the reasonableness of the rates on lumber made effective on April 15, 1903, from points in Mississippi, Louisiana east of the Mississippi River, and Western Alabama, to Ohio River points and beyond.

A. There has been an increase in all material, in all wages of clerks, train men and all employes; there has been an increase

in the prices which the railroad companies have had to pay for lumber, in some grades more than $10 a thousand, which is equal to 38 cents per hundred pounds or more, in the price of lumber.

Q. By what per cent have the prices of yellow pine lumber used by the New Orleans & Northeastern Railroad increased since 1903?

A. I will have to get that information later. That is what I have asked our Mr. Jones for.

(It is agreed that the witness may procure the data in the form of a statement, mark it for identification and send copies to counsel for complainant and defendants, the same to be used as a part of the testimony of the witness.)

Q. Will you furnish Gen. Miller two copies?

A. Yes, sir; I will send you two copies also.

Q. What increase has there been, if any, in the prices of materials other than lumber and in the wages paid to employes on the New Orleans & Northeastern since February 1, 1904?

A. I will have to include that, that is included in the other also, and our auditor has not made it up yet.

By Mr. Miller, for complainant:

Just mark those two papers for identification, to be used as a part of your evidence, sending two copies to me and one to Judge Baxter?

A. I will do so.

By Mr. Baxter, for defendants:

Q. State what rates the New Orleans & Northeastern Railroad receives on lumber shipped to or through New Orleans?

A. It receives, on interstate business, rates varying from 5 cents to 8½ cents per hundred pounds.

Q. Do you know what the average would be?

A. Well, I show that in answer to the next question pretty conclusively. I want to say there, that lumber is shipped quite extensively through New Orleans. Some of it is loaded on barges at our wharf, and only recently, we have had three cargoes to go from points on our line to Pittsburg by way of barge on the Mississippi and Ohio Rivers. It is also loaded in sailing vessels to go coastwise to Maine points, Boston and northeastern coast points. And then, of course, there is the general movement of export business. The regular tariff rates apply on all that.

Q. What do you get on the export buisness and coastwise business?

A. Get from 5 to 8½ cents per hundred pounds. Formerly our export rates were 1 cent per hundred pounds less than the rates to New Orleans proper. Prior to this advance of 2 cents per hundred pounds, our line, that is, the New Orleans & Northeastern, and I think the other lines in that territory, cut out their export rate and simply made a flat local rate apply to New Orleans, whether to be used there or shipped to some other point, or shipped for export, being of the opinion that the price of lumber justified it. That advance was made prior to this 2 cents per hundred pounds.

Q. Explain the origin of the proportion of 6 cents which the

New Orleans & Northeastern receives from the Mobile & Ohio Railroad; state whether the question of divisions in any wise affects the through rate?

A. Originally, on all shipments from the New Orleans & Northeastern Railroad, moving by the Mobile & Ohio, the through rates were fixed, the same from all points; that is, from Slidell, a distance of 168 miles from Meridian, the same as from Arundel, four miles from Meridian.

Q. You mean south of Meridian?

A. South of Meridian, both of them. Now, the same rates apply to Ohio River points and points in the Central Traffic Association territory, from Slidell and from Arundel. The New Orleans & Northeastern, on shipments from Slidell, 168 miles, would get its local distance tariff rate, amounting to about 7½, possibly 8½ cents per hundred pounds, and from Arundel they would get 3¾ or 4 cents. The result was, each agent had to have separate billing, separate divisions to bill the freight at, and it was decided by the Mobile & Ohio and the New Orleans & Northeastern, as a matter of convenience, after examining the records to see what the average on all of its lumber had been of earnings by the New Orleans & Northeastern, and it was found to be 6 cents, it was decided to make a blanket proportion of 6 cents per hundred pounds to apply, whether the haul was four miles or a hundred and sixty-eight miles, and in that way the New Orleans & Northeastern received its same earnings and the Mobile & Ohio received its same earnings, and it had nothing to do on earth with the through rate.

Q. Has the lumber on the lines of the New Orleans & Northeastern been exhausted yet?

A. No, sir.

Q. Has it on the Alabama & Vicksburg Railway?

A. It is practically exhausted. The lumber belt does not extend, the timber does not extend up to the Alabama & Vicksburg except in little, small patches; it never got up that high. There is no lumber up on the Southern Railway across the State there. The lumber, or the good lumber, probably commences sixty miles south of the Alabama & Vicksburg, I should say, is where the best lumber is, getting better on down for a hundred and twenty-five miles.

Q. At the present rate of cutting, what is the period within which the lumber in the best territory of Mississippi and Louisiana will be exhausted?

A. The lumber interests in the last few years have gotten into very much stronger hands. There are not so many little owners as there used to be, and the big ones—the Goodyear interests, for example, and such as they—control it in large quantities, and it would seem to me that they will dole the lumber out and hold it for a good many years to come.

Q. But if they were to continue to cut at the rate at which they have heretofore cut, how long would the lumber supply last?

A. I couldn't make an estimate on that, Judge Baxter. The Alabama & Vicksburg is practically not a lumber-carrying road any longer. These little mills still cut a little, but not to amount to anything.

Could I make a statement that I don't think has ever been made in connection with this? When it was proposed to advance

the rate on lumber a conference was had to see what was thought about it. I recall several conferences with Mr. George Gardner and Mr. J. H. Hinton, two of the most prominent men in this Central Yellow Pine Association. I stated to both of them that we had considered the matter very carefully, and I believed the New Orleans & Northeastern, with the possible exception of the Gulf & Ship Island, was in better position to judge impartially whether or not an advance was fair than any other road, for the reason that we did not expect to get any part of the advance, but that I believed that the lines beyond were entitled to some more revenue than they were receiving, a minimum in some cases of 5 cents per hundred pounds, to Cairo, a distance of three hundred and fifty-seven (357) miles. And it was at one of these conferences that Mr. Gardner requested, and I took up at his request, the postponement of the date effective of that rate, having ascertained from our transportation department that they thought they could move the supply on hand within that period.

By Mr. Miller, for complainant:

So much of this statement as relates to an opinion affecting the other roads is objected to by complainant as irrelevant and incompetent.

CROSS EXAMINATION.

By Mr. Miller, for complainant:

Q. Can you furnish at this time, for the same years, a similar statement as covered in your answer regarding the deficit and surplus of the New Orleans & Northeastern, as to the Alabama & Vicksburg?

A. I cannot furnish what that 2-cent deduction would be from the Alabama & Vicksburg. You do not want that, though, do you?

Q. I don't want that. I am only asking for the surplus and deficit?

A. Alabama & Vicksburg Railway:

1889-1890—Surplus	$54,061 32
1890-1891—Surplus	11,689 23
1891-1892—Surplus	329 30
1892-1893—Deficit	37,076 12
1893-1894—Surplus	1,260 61
1994-1895—Deficit	20,050 54
1895-1896—Surplus	35,147 79
1896-1897—Surplus	39,981 36
1897-1898—Surplus	45,386 91
1898-1899—Surplus	34,365 99
1899-1900—Surplus	35,401 49
1900-1901—Surplus	56,955 77
1901-1902—Surplus	83,258 52
1902-1903—Surplus	98,313 33
1903-1904—Deficit	17,350 32
1904-1905—Surplus	50,330 02

Q. Those figures come to June 30, do they?

A. Yes, sir, it is for the fiscal years.

Q. Fiscal year ending June 30; is that right?

A. Fiscal years ending June 30, yes, sir. Now, of those amounts, twenty thousand dollars ($20,000) per annum is appli-

cable, under the terms of the first mortgage, to the sinking fund provided therein. I don't know what that is. This is taken from our records.

Q. Do you know what dividends have been paid by the Alabama & Vicksburg? Have you any record of that?

A. I think I have:

1889-1890	Nil
1890-1891	$21,000
1891-1892	21,000
1892-1893	21,000
1893-1894	Nil
1894-1895	Nil
1895-1896	Nil
1896-1897	$21,000
1897-1898	35,000
1898-1899	35,000
1899-1900	35,000
1900-1901	63,000
1901-1902	63,000
1902-1903	63,000
1903-1904	94,500
1904-1905	73,500

Q. I notice your largest surplus on the New Orleans & Northeastern was $253,089.38 in 1902-1903. That was due, I suppose, to an abnormal lumber movement, wasn't it, Mr. Steele?

A. Well, the movement in 1902-1903 was good, General, as all other business was except coal. In 1900-1901 and 1901-1902, we were moving quite a quantity of coal to New Orleans. In 1902-1903 and 1903-1904 and 1904-1905 this movement by our line had practically ceased.

Q. What is the average rate per ton per mile on all traffic by the New Orleans & Northeastern?

A. I haven't those figures here.

Q. Do the annual reports show them?

A. Yes, sir; the annual reports show them.

Q. Will you be kind enough to furnish, and mark for identification, two copies of the annual reports of the New Orleans & Northeastern, and the Alabama & Vicksburg, for the years ending June 30, 1904, and June 30, 1905, to be used as a part of your testimony in this case?

A. I will.

Q. Does that report show, or can you state, the average rate per ton per mile that the New Orleans & Northeastern receives for lumber?

A. It would not show it.

Q. Can you state it yourself?

A. No, I could not.

Q. What other commodity takes a lower rate than lumber, except coal?

A. I should say fertilizer probably averages as little as lumber, and sand and gravel.

Q. Do you mean commercial fertilizers?

A. Yes, sir.

Q. Do you know the value of commercial fertilizers—market value?

A. Oh, in a rough way—somewhere about $22 or $23 a ton, I should say.

Q. Do the shippers load and the consignees unload fertilizer?

A. Yes, sir.

Q. Is there any traffic, Mr. Steele, that you know of that is handled with greater facility by railroads than yellow pine lumber?

A. There are a good many commodities, General, that I should say should be about on the same basis. Anything loaded in barrels is easier to handle than lumber; fertilizer in sacks is easier to handle than some classes of lumber.

Q. I am talking about handling by the railroad itself, not by the shippers and consignees?

A. Well, I shouldn't think there was practically any difference in handling carload merchandise or carload lumber, so far as coupling the engine to it and hauling the cars.

Q. Well, for all operating conditions, has any species of traffic any advantage over lumber?

A. Well, coal in gondola cars has an advantage, I should say, for prompt unloading.

Q. I am not going into matters that we have already gone into. Do you know anything about those branch lines of the

Gulf & Ship Island; for instance, from Maxey to Columbia, and from Laurel to Saratoga?

A. In what respect? I have never been over them.

Q. Do you know whether they are up to what are called standard railroads?

A. I believe in Mississippi the Commission grades railroads first, second and third class, don't it?

Q. I think so.

A. And it depends on how they are equipped and roadbed is kept up. I shouldn't say that those lines would grade No. 1.

Q. Do you recollect whether the New Orleans & Northeastern Railroad sold any of its old rails, I believe they call them "relaying rails" to the Gulf & Ship Island?

A. I don't remember.

Q. Or to junk dealers who subsequently sold them to the Gulf & Ship Island?

A. I don't know anything about that.

Q. Do you know anything about a sale to Joseph Bros., of Cincinnati, of a large quantity of rails which you laid aside when you equipped your road with new rails?

A. No, sir, I do not.

Q. Do you say that that differential on export lumber taken to New Orleans was removed before the advance was made to central traffic territory?

A. Yes, sir.

Q. How long before?

A. I think it was probably a year, may be a year and a half. I am not clear as to the exact date of that.

Mr. Steele, did not your road, at one time, make an allowance of the through rate to the various logging roads on the line?

A. Yes, sir; at various times from 1897 to 1901.

Q. Do you remember why it was discontinued?

A. There were so many reasons, Gen. Miller. We were constantly having complaints from some of the smaller lines that we did not allow them in proportion. We made it apply on standard gauge of ten miles or over.

Q. Similar to the Arkansas roads?

A. That is not altogether on the Arkansas lines. They say that is about their rule, but then they vary it.

Q. Well, is it not a fact, Mr. Steele, that the Illinois Central Railroad persisted in its endeavors to cause the New Orleans & Northeastern to discontinue that practice?

A. Well, we had conferences and correspondence from all the lines, Gen. Miller. I believe it was the consensus of opinion that it should be discontinued. As a matter of fact, I should say that we were very glad to get somebody to help us let go of it.

Q. Still, I would like to have that question answered directly, Mr. Steele, if the Illinois Central Railroad especially did not exert itself to induce the New Orleans & Northeastern to discontinue the practice of allowing tap-line divisions?

A. I shouldn't say that the Illinois Central exerted itself any more than all the lines in that section.

Q. Didn't the Illinois Central Railroad make some threats against the New Orleans & Northeastern to induce it to discontinue its practice?

A. I should say no to that.

Q. You don't recall that?

A. Not the threats.

Q. Have you not made that statement, Mr. Steele?

A. No, sir.

Q. To some of your customers?

A. No, sir. I know what you refer to.

Q. What do I refer to?

A. And if they said that I said it was a threat they construed it willfully and wrongly. The Illinois Central Railroad stated very frankly and very plainly that they did not see how they could avoid paying a tap-line proportion on their lines if it was being given on both sides of them, in Arkansas and by our line on the east, and if they paid it, they didn't see how they could restrict it to any number of miles—that is, seven or ten, or thirty or twenty-five. And after several conferences the tap-line proportion was abolished.

Q. Conferences with the Illinois Central people?

A. No, all of the lines.

Q. Well, what did they say they would do if the practice were continued on your line?

A. Mr. Hudson stated that he didn't see how, with the tap-line proportion being paid on the east of him by our line and by the Gulf & Ship Island, and on the west of him by the Arkansas Southern, how he could keep from paying it on his line and if they did, they didn't feel that they could restrict it to any mileage. I think that is just what I said a minute ago.

Q. In other words, his proposition was to go further than you had gone in your arrangement, wasn't that it?

A. Well, he made no proposition. He said that was the condition and he simply wanted us to consider it.

Q. Mr. Steele, during all these years that you have testified about, isn't it true that very great improvements have been made in the New Orleans & Northeastern especially, and to some extent, to a less extent, in the Alabama & Vicksburg, in respect to the elimination of curves andgrades, and in respect to the roadbed, track, etc.?

A. The New Orleans & Northeastern Railroad has been ballasted, and of necessity, some of the old rails relaid, but I don't believe there has been any attempt to take out the curves or reduce the grades.

Q. Do you know what is the train capacity of the New Orleans & Northeastern?

A. I think I have got some figures showing the amount. Just what it averaged for some certain year. I have got them at the hotel. I can furnish them very easily for you.

Q. I would like to ask you while I think about it, what was the so-called tap-line division made to roads of ten miles or over on the New Orleans & Northeastern while that practice was in vogue?

A. What do you mean by what was it?

Q. The amount?

A. Two cents.

Q. Did that apply during the time that the 14-cent rate was in effect to Cairo?

A. Yes, it applied up to the time that Mr. Gardner sold his road. He sold his road directly after that was discontinued.

Q. Do you know how the train capacity of the New Orleans & Northeastern compares with that of the Illinois Central south of Cairo?

A. No, sir, I do not.

Q. That road is practically double tracked, isn't it, from Memphis to New Orleans?

A. They have a very large percentage of double track, I don't know just what it is. The Guide shows.

REDIRECT EXAMINATION.

By Mr. Baxter, for defendants:

Q. State the termini of the Alabama & Vicksburg Railway and of the New Orleans & Northeastern Railroad?

A. The termini of the Alabama & Vicksburg Railway are Meridian, Mississippi, and Vicksburg, Mississippi. Of the New Orleans & Northeastern Railroad are Meridian, Mississippi, and New Orleans, Louisiana.

Further this deponent saith not.

(The signature of the witness is waived.)

EXHIBITS

STATEMENT OF MOVEMENT OF
MOUNDS, IL,

FROM	TO	Jan.		Feb.		March		Ap	
		1904	1905	1904	1905	1904	1905	1904	0
Alabama	Various	13	.....	6	1	8	20	7	1
	East St. Louis	.....	.....	.....	.....	.....	.....	.....	
	Chicago	6	.....	1	.....	.....	.....	2	
	Peoria	.....	.....	.....	.....	.....	.....	.....	
	Decatur	.....	.....	.....	.....	.....	.....	.....	
Total		19	.....	7	1	8	20	9	1
Florida	Various	.....	1	.....	.....	.....	.....	.....	
	East St. Louis	.....	.....	.....	.....	.....	.....	.....	
	Chicago	.....	.....	.....	.....	.....	.....	.....	
	Peoria	.....	.....	.....	.....	.....	.....	.....	
	Decatur	.....	.....	.....	.....	.....	.....	.....	
Total		.....	1	.....	.....	.....	.....	.....	
Georgia	Various	8	5	.....	1	7	10	17	1
	East St. Louis	.....	.....	.....	.....	.....	.....	1	
	Chicago	2	5	.....	7	2	4	4	
	Peoria	.....	.....	.....	.....	.....	.....	.....	
	Decatur	.....	.....	.....	.....	.....	.....	.....	
Total		10	10	.....	7	9	14	22	1
Louisiana East of Mississippi River.	Various	80	113	125	57	93	126	115	3
	East St. Louis	3	1	5	1	.....	5	1	
	Chicago	8	25	1	21	3	32	6	2
	Peoria	.....	.....	.....	.....	.....	.....	.....	
	Decatur	.....	.....	.....	.....	.....	.....	.....	
Total		91	139	131	79	96	163	122	6
Mississippi	Various	770	883	436	854	1216	1235	1130	0
	East St. Louis	75	142	21	97	141	170	84	5
	Chicago	123	126	23	169	121	248	129	2
	Peoria	9	.....	1	.....	20	.....	11	
	Decatur	2	.....	.....	.....	1	.....	.....	
Total		979	1151	481	1120	1499	1653	1354	5
Grand Total		1099	1301	609	1207	1612	1850	1507	6
Incr'se 1905 over 1904		.....	302	.....	598	.....	238	.....	1

...PINE LUMBER (SHOWN IN CARLOADS) THROUGH CAIRO AND ...
..., FOR YEAR 1905, COMPARED WITH 1904.

	May		June		July		Aug.		Sept.		Oct.		Nov.		Dec.		Totals		1905	
...05	1904	1905	1904	1905	1904	1905	1904	1905	1904	1905	1904	1905	1904	1905	1094	1905	1904	1905	Inc.	Dec.
7 13	12	9	7	6	20	10	10	6	4	3	7	2	6	5	3	1	102	75	...	.....
...	.....	4	.....	.....	.....	1	.....	.....	.....	1	.....	.....	.....	2	.....	1	.....	9	.....	... ...
2 ...	7	9	3	7	.....	6	.....	4	.....	5	.....	6	.....	5	5	3	24	45	.....	.....
...	.....	.....	.....	.....	.....	.....	.....	.....	.....	1	.....	.....	.....	.....	.....	.....	....	1	.....	.....
... 3	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	4	.....	.. ..		4	3	.....	.. ....
9 16	19	22	10	13	20	17	10	10	4	10	7	8	10	12	8	5	130	133	3	.....
...	.....	4	1	2	.....	.....	1	1	1	.....	.....	.....	.....	.....	.....	.....	3	7	.....	.....
...	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
...	.....	.....	1	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1	.....	.....	1	1	.....	.....
...	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
...	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
...	.....	4	2	2	.....	.....	1	1	1	.....	.....	.....	.....	1	.....	.....	4	8	4	.....
7 10	28	10	11	3	11	9	3	1	10	4	3	2	5	3	6	9	109	67	.....	.....
1 2	.....	.....	1	.....	.....	.....	1	.....	.....	6	.....	2	.....	5	.....	3	3	18	.....	.....
4 2	9	2	18	.....	2	11	4	.....	4	10	.....	10	9	13	5	5	59	69	.....	.....
...	.....	.....	.....	.....	.....	.....	1	.....	.....	1	.....	1	.....	1	.....	.....	1	3	.....	.....
...	.....	.....	.. ..	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....		.....	.....	.....	.. ....
2 14	37	12	30	3	13	20	9	1	14	21	3	15	14	22	11	17	172	157	.....	15
5 35	107	149	83	138	136	108	121	111	134	109	135	140	100	110	115	128	1344	1424	.....	.....
1	1	3	.....	7	.....	10	2	22	.....	16	2	10	3	5	2	5	19	85	..	.....
6 27	2	21	6	7	2	55	2	63	2	52	8	62	15	39	7	30	62	434	.....	.. ....
...	.....	.....	.....	.....	.....	1	.....	2	.....	4	.....	1	.....	2	.....	2	....	12	.....	.....
...	.....	.....	.....	.....	....	1	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1	.....	.....
2 62	110	173	89	152	138	175	125	198	136	181	145	213	118	156	124	165	1425	1956	531	.....
1087	1240	1382	1298	1250	972	1185	1087	1214	1182	1090	1167	1354	916	1501	812	1189	12226	14224	.....	.....
4 155	89	179	83	132	9	261	68	288	80	256	96	285	98	265	102	180	946	2410	.....	.....
9 216	166	202	114	147	92	367	114	397	156	309	182	238	163	256	145	309	1528	2984	.....	.....
1 ...	14	.....	16	.....	18	32	30	40	17	20	17	15	.....	15	.....	15	153	137	.....	.....
.....	.....	.....	.....	.....	....	9	.....	2	.....	5	.....	.....	.....	3	.....	.....	3	19	.....	.....
4158	1509	1763	1511	1529	1091	1853	1299	1941	1435	680	1462	1892	1177	2040	1059	1693	14856	19774	4918	.....
7 1650	1675	1774	1642	1699	1262	2065	1443	2151	1589	1892	1617	2130	1319	2229	1202	1880	16587	22028	.....	.....
... 149	.....	299	.....	57	....	803	.....	708	.....	303	.....	513	.....	850	.....	678	.....	5441	5441	.....

(The signature of the witness is waived.)

C. B. COMPTON, EXHIBIT No. 1.

STATEMENT SHOWING THE PRICES PER THOUSAND FEET OF YELLOW PINE LUMBER PREVAILING AT MONTGOMERY, ALA., OF THE DESCRIPTION AND DIMENSIONS SHOWN, FOR THE MONTHS OF OCTOBER, 1901, OCTOBER, 1902, OCTOBER, 1903, OCTOBER, 1904, AND JUNE, 1905.

Per 1,000 Feet.

Description	Dimensions	
Flooring Edge, Grain A, 13-16x3¼.		
October, 1901		$21 00
October, 1902		20 50
October, 1903		20 00
October, 1904		21 00
June, 1905		25 00
Flooring Edge, Grain B, 13-16x3¼.		
October, 1901		$19 00
October, 1902		18 50
October, 1903		18 00
October, 1904		19 00
June, 1905		23 00
Flooring Flat, Grain A, 13-16x3¼.		
October, 1901		$16 50
October, 1902		16 00
October, 1903		15 50
October, 1904		16 50
June, 1905		20 50

Flooring Flat, Grain B, 13-16x3¼.

October, 1901	$15 50
October, 1902	15 00
October, 1903	14 50
October, 1904	15 50
June, 1905	19 50

Flooring No. 1 Common, 13-16x3¼.

October, 1901	$14 00
October, 1902	13 50
October, 1903	13 00
October, 1904	14 00
June, 1905	18 00

Flooring No. 2 Common, 13-16x3¼.

October, 1901	$10 00
October, 1902	9 50
October, 1903	9 00
October, 1904	9 00
June, 1905	11 25

Partition A, 13-16x¾ or 5¼.

October, 1901	$16 00
October, 1902	15 50
October, 1903	15 00
October, 1904	18 00
June, 1905	21 00

Bevel Siding A, 1-inch Stock.

October, 1901	$12 00
October, 1902	12 00
October, 1903	12 00
October, 1904	11 00
June, 1905	14 00

Bevel Siding A, 1¼-inch Stock.

October, 1901	$13 00
October, 1902	13 00
October, 1903	13 00
October, 1904	12 00
June, 1905	15 00

Drop Siding A, 13-16x3¼ or 5¼.

October, 1901	$17 00
October, 1902	16 50
October, 1903	16 00
October, 1904	16 00
June, 1905	20 00

Finishing S 2-S 1st and 2d Clear, 1x12.

October, 1901	$20 00
October, 1902	19 50
October, 1903	19 00
October, 1904	21 00
June, 1905	25 00

Common Boards, 1x12 No. 1.

October, 1901	$13 00
October, 1902	12 50
October, 1903	12 00
October, 1904	12 00
June, 1905	15 00

Common Boards, 1x12 No. 2.

October, 1901	$10 50
October, 1902	10 00
October, 1903	9 50
October, 1904	10 00
June, 1905	12 00

Shiplap or D & M 16 feet, 1x12 No. 1.

October, 1901	$13 00
October, 1902	12 50
October, 1903	12 00
October, 1904	14 00
June, 1905	15 00

Fencing 16 feet, Size 1x6 No. 1.

October, 1901	$13 50
October, 1902	13 00
October, 1903	13 00
October, 1904	12 00
June, 1905	14 00

Fencing 16 feet, 1x6 No. 2.

October, 1901	$10 50
October, 1902	10 00
October, 1903	10 00
October, 1904	9 00
June, 1905	11 00

Dimensions S I S 1E 16 feet, 2x4.

October, 1901	$ 9 50
October, 1902	9 50
October, 1903	9 50
October, 1904	10 00
June, 1905	10 50

No. 2 Dimensions 16 feet, 2x4 S E Rough.

October, 1901	$ 9 00
October, 1902	9 00
October, 1903	9 00
October, 1904	9 50
June, 1905	10 00

Heavy Joists S I S 1E 16 feet, 3x6 and 3x8.

October, 1901	$ 9 50
October, 1902	9 50
October, 1903	9 50
October, 1904	10 00
June, 1905	10 50

Timbers 16 feet, 4x4 and 4x6 S & E.

October, 1901	$ 9 00
October, 1902	9 00
October, 1903	9 00
October, 1904	9 50
June, 1905	10 00

LUMBER FOR CARS.

Flooring, 2¼x8x9, Grade 4.

October, 1901	$12 00
October, 1902	12 00
October, 1903	12 00
October, 1904	13 00
June, 1905	14 00

Siding, 1x4x9 and 18, Grade No. 5 (KD), Rough.

October, 1901	$14 00
October, 1902	14 00
October, 1903	14 00
October, 1904	15 00
June, 1905	16 00

Roofing, 1x6x10 and 15, Grade 6 (KD), not used.

Side Boards, 2½x10x36, No. 4.

October, 1901	$11 00
October, 1902	11 00
October, 1903	11 00
October, 1904	11 00
June, 1905	11 00

Side Boards, 2½x12-36, No. 4.

October, 1901	$14 00
October, 1902	14 00
October, 1903	14 00
October, 1904	15 00
June, 1905	16 00

Box Car Sills, 5½x9½x36, No. 3.

October, 1901	$13 00
October, 1902	13 00
October, 1903	13 00
October, 1904	15 00
June, 1905	16 00

Gondola Sills, 5¼x13¾x36, No. 3.

October, 1901	$16 00
October, 1902	16 00
October, 1903	16 00
October, 1904	17 00
June, 1905	17 50

LUMBER FOR BRIDGES.

Guide Rails, 5x9x18, 4x9x18, Heart.

October, 1901	$10 00
October, 1902	10 00
October, 1903	10 00
October, 1904	11 00
June, 1905	12 00

Stringers, 8x16x28 to 30 feet.

October, 1901	$22 50
October, 1902	22 50
October, 1903	22 50
October, 1904	22 50
June, 1905	22 50

LUMBER FOR TRESTLES.

Guide Rails, 5x9x18.

October, 1901	$11 00
October, 1902	11 00
October, 1903	11 00
October, 1904	11 00
June, 1905	11 00

Stringers, 8x16x24 to 30 feet, 9x18x30.

October, 1901	$22 50
October, 1902	22 50
October, 1903	22 50
October, 1904	22 50
June, 1905	22 50

Bolsters, 8x17x4.

October, 1901	$18 00
October, 1902	18 00
October, 1903	18 00
October, 1904	19 00
June, 1905	20 00

Taps, 12x14x12.

October, 1901	$20 00
October, 1902	20 00
October, 1903	20 00
October, 1904	21 00
June, 1905	21 00

Taps, 12x12x12.

October, 1901	$14 00
October, 1902	14 00
October, 1903	14 00
October, 1904	14 50
June, 1905	15 00

Legs, 12x12x12, 30 feet.

October, 1901	$14 00
October, 1902	14 00
October, 1903	14 00
October, 1904	14 50
June, 1905	15 00

Piles—9 or 10 inches at small end; 30 to 95 feet long.
Not used.

Bracing—2½x10x20 to 30 feet;
4x9x20 to 30 feet.

October, 1901	$11 00
October, 1902	11 00
October, 1903	11 00
October, 1904	11 00
June, 1905	11 00

Sills, 12x12x15 to 30 feet.

October, 1901	15 00
October, 1902	15 00
October, 1903	15 00
October, 1904	15 00
June, 1905	15 00

C. B. COMPTON EXHIBIT No. 2.

NASHVILLE MARKET.

FLOORING.

Heart Face, Edge Grain A.

	13-16x3¼	13-16x5¼
October, 1901	$32 75	.....
October, 1902	34 75	.....
October, 1903	35 75	.....
October, 1904	37 75	.....
May, 1905	40 25	.....

Edge Grain A.

October, 1901	$25 75	.....
October, 1902	27 75	.....
October, 1903	27 75	.....
October, 1904	26 75	.....
May, 1905	29 25	.....

Edge Grain B.

October, 1901	$23 75	.....
October, 1902	25 25	.....
October, 1903	24 25	.....
October, 1904	24 75	.....
May, 1905	27 25	.....

Edge Grain C.

October, 1901	$19 25	.....
October, 1902	20 75	.....
October, 1903	19 75	.....
October, 1904	19 75	.....
May, 1905	22 25	.....

Flat Grain A.

	13-16x3¼	13-16x5¼
October, 1901	$19 25	$20 25
October, 1902	20 75	21 75
October, 1903	19 75	20 75
October, 1904	20 75	21 75
May, 1905	23 25	24 25

Flat Grain B.

October, 1901	$18 25	$19 25
October, 1902	19 75	20 75
October, 1903	18 75	19 75
October, 1904	19 75	20 75
May, 1905	22 25	23 25

No. 1 Common.

October, 1901	$15 75	$16 25
October, 1902	.....	.....
October, 1903	.....	.....
October, 1904	.....	.....
May, 1905	19 25	20 25

No. 2 Common.

October, 1901	$12 75	$13 25
October, 1902	.....	.....
October, 1903	.....	.....
October, 1904	.....	.....
May, 1905	14 75	16 75

CEILING BEADED.

3/8x3 1/4 or 5 1/4.

	A	B	No. 1, Common
October, 1901	$13 50	$11 50	$10 00
October, 1902	15 00	13 00	11 50
October, 1903	14 50	12 50	11 00
October, 1904	14 50	13 50	12 00
May, 1905	15 50	14 50	13 00

1/2x3 1/4 or 5 1/4.

October, 1901	$16 25	$15 25	$12 00
October, 1902	17 75	16 75	13 50
October, 1903	17 25	16 25	13 00
October, 1904	17 75	16 75	14 25
May, 1905	19 25	18 25	15 75

5/8x3 1/4 or 5 1/4.

October, 1901	$18 00	$17 00	$13 25
October, 1902	19 50	18 50	14 75
October, 1903	19 00	18 00	14 25
October, 1904	19 50	18 50	15 00
May, 1905	21 50	20 50	17 00

3/4x3 1/4 or 5 1/4.

October, 1901	$19 00	$18 00	$15 25
October, 1902	20 50	19 50	16 75
October, 1903	20 00	19 00	16 25
October, 1904	20 50	19 50	17 00
May, 1905	23 00	22 00	19 50

Partition.

$\frac{3}{4}$x3$\frac{1}{4}$ or 5-14.

	A	B	No. 1, Common
October, 1901	$20 25	$19 75	$17 25
October, 1902	21 75	21 25	18 75
October, 1903	21 25	20 75	18 25
October, 1904	22 25	21 25	18 25
May, 1905	25 75	24 75	21 75

Bevel Siding.

From 1-inch stock.

October, 1901	$13 00	$12 00	$11 00
October, 1902	14 50	13 50	12 50
October, 1903	14 00	13 00	12 00
October, 1904	14 00	13 00	12 00
May, 1905	16 00	15 00	14 00

From 1$\frac{1}{4}$-inch stock.

October, 1901	$15 00	$14 50	$13 50
October, 1902	16 50	16 00	15 00
October, 1903	16 00	15 50	14 50
October, 1904	17 00	16 50	15 50
May, 1905	19 00	18 50	17 50

Drop Siding.

$\frac{3}{4}$x3$\frac{1}{4}$x5$\frac{1}{4}$.

October, 1901	$20 25	$19 75	$16 75
October, 1902	21 75	21 25	18 25
October, 1903	21 25	20 75	17 75
October, 1904	21 75	21 25	18 75
May, 1905	23 75	23 25	20 75

FINISHING—2 S.

1x4-inch S 2 S 13-16.

	1st & 2d Clear	3d Clear
October, 1901	$21 00	$18 00
October, 1902	24 00	21 00
October, 1903	22 50	19 50
October, 1904	24 00	22 00
May, 1905	29 00	27 00

1x6-inch S 2 S 13-16.

October, 1901	$22 50	$19 50
October, 1902	27 50	24 50
October, 1903	26 00	23 00
October, 1904	24 00	22 00
May, 1905	31 50	29 50

1x5, 8 and 10-inch S 2 S 13-16.

October, 1901	$24 50	$21 50
October, 1902	27 50	24 50
October, 1903	26 00	23 00
October, 1904	26 00	24 00
May, 1905	.....	.....

1x12-inch S 2 S 13-16.

October, 1901	$26 50	$23 50
October, 1902	29 50	26 50
October, 1903	28 00	25 00
October, 1904	28 00	26 00
May, 1905	.....	.....

FINISHING—S 2 S.

1¼x4, 6, 8 and 10-inch S 2 S 1 3-32.

	1st & 2d Clear	3d Clear
October, 1901	$26 75	$23 75
October, 1902	29 75	26 75
October, 1903	28 25	25 25
October, 1904	28 25	26 25
May, 1905	33 75	31 75

1¼x12-inch S 2 S 1 3-32.

October, 1901	$27 75	$24 75
October, 1902	30 75	27 75
October, 1903	29 25	26 25
October, 1904	29 25	27 25
May, 1905	34 75	32 75

1½x4, 6, 8 and 10-inch S 2 S 1 11-32.

October, 1901	$26 75	$23 75
October, 1902	29 75	26 75
October, 1903	28 25	25 25
October, 1904	28 25	26 25
May, 1905	33 75	31 75

1½x12-inch S 2 S 1 11-32.

October, 1901	$27 75	$24 75
October, 1902	30 75	27 75
October, 1903	29 25	26 25
October, 1904	29 25	27 25
May, 1905	34 75	32 75

Finishing—S 2 S.

2x4 and 2x6-inch S 2 S 1¾.

	1st & 2d Clear	3d Clear
October, 1901	$26 75	$23 75
October, 1902	29 75	26 75
October, 1903	28 25	25 25
October, 1904	28 25	26 25
May, 1905	33 75	31 75

2x8 and 2x10-inch S 2 S 1¾.

October, 1901	$28 25	$25 25
October, 1902	31 25	28 25
October, 1903	29 75	26 75
October, 1904	29 75	27 75
May, 1905	35 25	33 25

2x12-inch S 2 S 1¾.

October, 1901	$29 25	$26 25
October, 1902	32 25	29 25
October, 1903	30 75	27 75
October, 1904	30 75	28 75
May, 1905	36 25	34 25

Moulded Casing and Base.

From 4 and 6-inch stock, B M.

	A	B
October, 1901	$27 75	25 75
October, 1902	30 75	27 75
October, 1903	29 25	26 25
October, 1904	29 25	26 25
May, 1905	34 75	31 75

From 8 and 10-inch stock, B M.

	A	B
October, 1901	28 50	26 50
October, 1902	31 75	28 75
October, 1903	30 25	27 25
October, 1904	30 25	27 25
May, 1905	35 75	32 75

From 1x4 and 6-inch, S 4 S Plain, B M.

October, 1901	$26 00	$24 00
October, 1902	.....	.....
October, 1903	.....	.....
October, 1904	.....	.....
May, 1905	.....	.....

DOOR AND WINDOW JAMBS.

From 1x4 and 1x6-inch stock, B M.

	A	B
October, 1901	$28 50	$26 50
October, 1902	31 50	28 50
October, 1903	30 00	27 00
October, 1904	30 00	27 00
May, 1905	35 50	32 50

DOOR AND WINDOW JAMBS.

From 1¼, 1½ and 2-inch stock, B M.

	A	B
October, 1901	$30 25	$28 50
October, 1902	33 50	30 50
October, 1903	32 00	29 00
October, 1904	32 00	29 00
May, 1905	37 50	34 50

Common Boards—S 1 S.

1x8, No. 1.

	10 feet	16 feet	20 feet
October, 1901	$15 00	$14 50	$15 00
October, 1902	16 00	15 50	16 00
October, 1903	16 50	16 00	16 50
October, 1904	16 50	16 00	16 50
May, 1905	17 00	16 50	17 00

1x12, No. 1.

October, 1901	$17 75	$16 50	$17 75
October, 1902	18 75	17 50	18 75
October, 1903	18 75	17 50	18 75
October, 1904	18 75	17 50	18 75
May, 1905	19 25	18 25	19 25

1x8, No. 2.

October, 1901	$13 50	$13 50	$13 50
October, 1902	13 00	13 00	13 00
October, 1903	14 50	14 50	14 50
October, 1904	14 50	14 50	14 50
May, 1905	15 00	15 00	15 00

1x12, No. 2.

October, 1901	$16 25	$14 75	$16 25
October, 1902	15 75	14 25	15 75
October, 1903	16 25	14 25	16 25
October, 1904	16 25	14 75	16 25
May, 1905	16 75	15 75	16 75

SHIPLAP OR D & M.

1x8, No. 1.

	10 feet	16 feet	20 feet
October, 1901	$15 50	$15 00	$15 50
October, 1902	16 50	16 00	16 50
October, 1903	17 00	16 50	17 00
October, 1904	17 00	16 50	17 00
May, 1905	17 50	17 00	17 50

1x12, No. 1.

October, 1901	$18 25	$17 00	$18 25
October, 1902	19 25	18 00	19 25
October, 1903	19 25	18 00	19 25
October, 1904	19 25	18 00	19 25
May, 1905	19 75	18 75	19 75

FENCING—S 1 S.

1x6, No. 1.

October, 1901	$14 50	$15 00	$14 50
October, 1902	15 00	15 50	15 00
October, 1903	16 00	16 50	16 00
October, 1904	15 50	16 00	15 50
May, 1905	16 50	17 00	16 50

1x6, No. 2.

October, 1901	$13 00	$13 50	$13 00
October, 1902	13 00	13 50	13 00
October, 1903	14 50	15 00	14 50
October, 1904	13 50	14 00	13 50
May, 1905	14 00	14 50	14 00

No. 1, Dimension.

2x6 S, 1 S, 1 E.

	10 feet	16 feet	20 feet
October, 1901	$14 00	$13 50	$14 00
October, 1902	14 50	14 00	14 50
October, 1903	15 00	14 50	15 00
October, 1904	14 50	14 00	14 50
May, 1905	15 00	14 50	15 00

2x12, S, 1 S, 1 E.

October, 1901	$15 00	$14 50	$15 00
October, 1902	16 00	15 50	16 00
October, 1903	17 00	16 00	17 00
October, 1904	16 50	15 50	16 50
May, 1905	17 00	16 00	17 00

No. 2, Dimension.

2x4 S and E.

October, 1901	$12 50	$12 00	$12 50
October, 1902	13 50	12 50	13 50
October, 1903	15 00	13 50	15 00
October, 1904	14 50	13 50	14 50
May, 1905	15 50	14 00	15 50

2x12 S and E.

October, 1901	$13 50	$13 00	$13 50
October, 1902	14 00	13 50	14 00
October, 1903	15 50	14 50	15 50
October, 1904	15 00	14 00	15 50
May, 1905	15 50	14 50	15 50

Heavy Joists—S, 1 S, 1 E

3x6 and 3x8.

	10 feet	16 feet	20 feet
October, 1901	$17 00	$16 50	$17 00
October, 1902	17 50	17 00	17 50
October, 1903	18 00	17 50	18 00
October, 1904	18 50	18 00	18 50
May, 1905	19 00	18 50	19 00

2½x14 and 3x14.

October, 1901	$18 50	$17 50	$18 50
October, 1902	19 00	18 00	19 00
October, 1903	19 50	18 50	19 50
October, 1904	20 00	19 00	20 00
May, 1905	20 50	19 50	20 50

Timbers.

4x4 and 4x6, S and E.

October, 1901	$16 75	$16 25	$16 75
October, 1902	17 00	16 50	17 00
October, 1903	17 50	17 00	17 50
October, 1904	18 00	17 50	18 00
May, 1905	.....	.....	.....

4x10 to 12x12, Rgh. or S 4 S.

October, 1901	$18 00	$17 50	$18 00
October, 1902	18 50	18 00	18 50
October, 1903	19 00	18 50	19 00
October, 1904	19 50	19 00	19 50
May, 1905	20 00	19 50	20 00

Wagon Bottoms.

Per set D & M 38-inch face.

	A	B
October, 1901	$0 95	$0 85
October, 1902	1 05	95
October, 1903	1 05	95
October, 1904	1 05	85
May, 1905	1 20	1 10

Battens.

2½ inch plain or O G.

October, 1901	$0 55
October, 1902	55
October, 1903	55
October, 1904	55
May, 1905	55

C. B. COMPTON EXHIBIT No. 3.

STATEMENT SHOWING MOVEMENT OF YELLOW PINE LUMBER VIA L. & N. R. R. FROM PRODUCING POINTS SOUTH OF BIRMINGHAM TO OHIO RIVER POINTS AND BEYOND FOR PERIOD DECEMBER 1, 1902, TO DECEMBER 31, 1905.

	No. Cars	Weight
December, 1902	610	24,946,730
January, 1903	613	25,889,498
February 1903	759	31,389,977
March, 1903	680	29,253,760
April, 1903	784	30,876,579
May, 1903	854	34,255,195
June, 1903	899	36,442,290
July, 1903	835	35,199,145
August, 1903	746	31,390,786
September, 1903	805	33,974,960
October, 1903	882	36,857,700
November, 1903	759	30,614,203
December, 1903	583	23,800,214
Total for 1903.....	9,199	379,944,307
January, 1904	586	24,842,100
February, 1904	719	30,527,498
March, 1904	790	33,996,180
April, 1904	840	34,531,380
May, 1904	792	32,604,880
June, 1904	664	27,817,510
July, 1904	692	29,046,660

	No. Cars	Weight
August, 1904	796	33,920,300
September, 1904	736	30,056,560
October, 1904	806	33,300,250
November, 1904	870	36,065,116
December, 1904	879	37,763,961
Total for 1904	9,170	384,472,395
January, 1905	900	39,170,020
February, 1905	816	35,364,000
March, 1905	1,174	50,318,260
April, 1905	1,056	44,422,280
May, 1905	1,002	40,645,000
June, 1905	949	38,580,650
July, 1905	1,137	46,158,627
August, 1905	1,459	60,319,454
September, 1905	1,291	52,148,328
October, 1905	1,095	45,907,400
November, 1905	1,046	44,462,500
December, 1905	910	38,196,600
Total for 1905	12,835	535,693,119

C. B. COMPTON EXHIBIT No. 4.

CHICAGO MARKET ON YELLOW PINE LUMBER, JANUARY 1, 1891, TO DECEMBER 31, 1905.

1891.

First Quarter.

			Frt. Rate to Chicago from Group 1	
A	$23 00—25 00	.....	*25c	x28c
B	15 00—16 00	37 per cent.....	*25c	x28c
C	....			

Second Quarter.

A	$22 00—24 00	.....	*25c	x28c
B	15 00—16 00	37 per cent.....	*25c	x28c
C	....			

Third Quarter.

A	$21 00—22 00	.....	*25c	x28c
B	15 00—16 00	37 per cent.....	*25c	x28c
C	....			

Fourth Quarter.

A	$21 00—22 00	.....	24c	Nov. 28,
B	15 00—16 00	35 per cent	24c	1891
C	....	.....	24c	

1892.

First Quarter.

A	$21 00—22 00	.....24c	
B	15 00—16 00	.....24c	35 per cent
C	21 50—23 50	.....24c	

Second Quarter.

				Frt. Rate to Chicago from Group 1
A	$18 00	.....	.....24c	
B	14 00	.....	.....24c	39 per cent
C	21 00—23 00	.....	.....24c	

Third Quarter.

A	$17 00—18 00	.....	.....24c	
B	14 00	.....	.....24c	39 per cent
C	21 50	.....	.....24c	

Fourth Quarter.

A	$17 50—18 00	.....	.....24c	
B	14 00—15 00	.....	.....24c	38 per cent
C	20 00—22 00	.....	.....24c	

1893.

First Quarter.

A	$17 50—18 00	.....	.....24c
B	15 00—16 00	35 per cent	.....24c
C	20 00—22 00	.....	.....24c

Second Quarter.

A	$17 50—18 00	.....	.....24c
B	14 00—15 00	33 per cent	.....24c
C	20 00—22 00	.....	.....24c

Third Quarter.

A	$17 50—18 00	.....	.....24c
B	14 00—15 00	38 per cent	.....24c
C	20 00—22 00	.....	.....24c

Fourth Quarter.

			Frt. Rate to Chicago from Group 1
A	$17 00		.....24c
B	13 00—14 00	40 per cent	.....24c
C	20 00—22 00		.....24c

1894.

First Quarter.

A	$16 50—17 00	.....24c		
B	12 00—13 00	.....24c	44	per cent
C	17 50—20 00	.....24c		

Second Quarter.

A	$15 00—16 00	.....22c	May 17, 1894	
B	11 00—12 00	.....22c	44	per cent
C	17 50—20 00	.....22c		

Third Quarter.

A	$16 00	.....22c		
B	12 00—13 00	.....22c	40	per cent
C	17 50—20 00	.....22c		

Fourth Quarter.

A	$16 00	.....22c		
B	12 00—13 00	.....22c	40	per cent
C	17 50—20 00	.....22c		

1895.

First Quarter.

A	$14 00		.....22c
B	11 00—11 50	45 per cent	.....22c
C	16 50—17 00		.....22c

Second Quarter.

			Frt. Rate to Chicago from Group 1
A	$14 00—15 00		.....22c
B	11 00—11 50	45 per cent	.....22c
C	15 00—17 00		.....22c

Third Quarter.

A	$14 50—15 50		.....22c
B	11 50—12 50	42 per cent	.....22c
C	15 00—17 00		.....22c

Fourth Quarter.

A	$16 00—16 50		.....22c
B	13 00—14 00	37.5 per cent	.....22c
C	15 75—17 00		.....22c

1896.

First Quarter.

A	$16 00—16 50	.....22c	
B	13 00—14 00	.....22c	37.5 per cent
C	15 75—17 00	.....22c	

Second Quarter.

A	$16 00—16 50	.....22c	
B	13 00—14 00	.....22c	37.5 per cent
C	15 75—17 00	.....22c	

Third Quarter.

A	$12 00	.....22c	
B	10 00	.....22c	50.6 per cent
C	15 50	.....22c	

Fourth Quarter.

			Frt. Rate to Chicago from Group 1
A	$12 00	.....22c	
B	10 00	.....22c	50.6 per cent
C	15 50	.....22c	

1897.

First Quarter.

A	$12 00	.....22c	
B	10 00	50.6 per cent 22c	
C	15 50	.....22c	

Second Quarter.

A	$12 50—13 00	.....22c	
B	10 50—11 00	47 per cent 22c	
C	15 00—15 50	.....22c	

Third Quarter.

A	$12 00	.....22c	
B	10 00	50.6 per cent 22c	
C	14 00—15 00	.....22c	

Fourth Quarter.

A	$14 00	.....22c	
B	12 00	42 per cent 22c	
C	18 00	.....22c	

1898.

First Quarter.

A	$14 00	.....22c	
B	12 00	.....22c	42 per cent
C	18 00	.....22c	

Second Quarter.

			Frt. Rate to Chicago from Group 1
A	$14 00—14 50	..... 22c	
B	12 00—14 00	..... 22c	38.8 per cent
C	17 00—18 00	..... 22c	

Third Quarter.

A	$14 00	..... 22c	
B	12 00	..... 22c	42 per cent
C	17 00—18 00	..... 22c	

Fourth Quarter.

A	$15 00—16 00	..... 22c	
B	12 50—13 00	..... 22c	39 per cent
C	16 00—17 00	..... 22c	

1899.

First Quarter.

A	$15 00—15 50		..... 22c
B	12 50—13 00	39 per cent	..... 22c
C	15 00—17 00		..... 22c

Second Quarter.

A	$16 50—17 00		..... 22c
B	14 00—14 50	35.5 per cent	..... 22c
C	18 00—19 00		..... 22c

Third Quarter.

A	$19 00—20 00		..... 22c
B	16 50—17 00	30 per cent	..... 22c
C	16 00—18 50		..... 22c

Fourth Quarter.

				Frt. Rate to Chicago from Group 1	
A	$20 75—21 75		.....	23c	Sept. 8
B	17 75—18 25	29 per cent	.....	23c	1899
C	18 25—20 75		.....	23c	

1900.

First Quarter.

A	$21 25—22 25	.....	24c	Jan .1, 1900
B	18 25—18 75	.....	24c	30 per cent
C	18 75—21 25	.....	24c	

Second Quarter.

A	$20 25—21 25	.....	24c	
B	17 25—17 75	.....	24c	31 per cent
C	18 75—21 25	.....	24c	

Third Quarter.

A	$18 00—19 00	.....	24c	
B	15 00—15 50	.....	24c	36 per cent
C	17 00—19 50	.....	24c	

Fourth Quarter.

A	$19 00—20 00	.....	24c	
B	16 50—17 00	.....	24c	33 per cent
C	17 00—20 00	.....	24c	

1901.

First Quarter.

A	$19 00—20 00	.....	24c	
B	16 50—17 00	33 per cent	24c	
C	18 50—21 00	.....	24c	

Second Quarter.

			Frt. Rate to Chicago from Group 1
A	$19 50—20 50		24c
B	17 00—17 50	32 per cent	24c
C	19 00—21 50		24c

Third Quarter.

A	$20 50—21 50		24c
B	17 00—17 50	32 per cent	24c
C	19 00—21 50		24c

Fourth Quarter.

A	$20 50—21 50		24c
B	17 00—17 50	32 per cent	24c
C	19 00—21 50		24c

1902.

First Quarter.

A	$22 50—23 50	24c	
B	18 50—19 50	24c	29 per cent
C	19 50—22 00	24c	

Second Quarter.

A	$22 50—23 50	24c	
B	18 50—19 50	24c	29 per cent
C	19 50—22 00	24c	

Third Quarter.

A	$22 50—23 50	24c	
B	18 50—19 50	24c	29 per cent
C	19 50—22 00	24c	

Fourth Quarter.

			Frt. Rate to Chicago from Group 1
A	$21 00—22 00	24c	
B	18 50—19 50	24c	29 per cent
C	19 50—22 00	24c	

1903

First Quarter.

A	$21 00—22 00	24c	
B	18 50—19 50	24c	29 per cent
C	19 50—22 00	24c	

Second Quarter.

A	$19 00—20 00	24c	
B	17 50—18 50	24c	31.5 per cent
C	19 50—21 00	24c	

Third Quarter.

A	$17 75—18 50	26c	
B	17 00—17 50	26c	34 per cent
C	19 50—21 00	26c	

Fourth Quarter.

A	$17 75—18 50	26c	
B	17 00—17 50	26c	34 per cent
C	19 50—21 00	26c	

1904.

First Quarter.

A	$18 00—19 25	26c	
B	17 00—17 50	26c	34 per cent
C	20 00—21 00	26c	

Second Quarter.

			Frt. Rate to Chicago from Group 1
A	$17 00—18 00	.....26c	
B	16 00—16 50	.....26c	36 per cent
C	19 50—20 50	.....26c	

Third Quarter.

A	$18 00—18 50	.....26c	
B	17 00—17 50	.....26c	34 per cent
C	20 00—21 00	.....26c	

Fourth Quarter.

A	$18 00—18 50	.....26c	
B	17 00—17 50	.....26c	34 per cent
C	20 00—21 00	.....26c	

1905.

First Quarter.

A	$20 00—22 00		.....26c
B	18 50—19 50	31 per cent	.....26c
C	20 50—21 50		.....26c

Second Quarter.

A	$23 00—25 00		.....26c
B	20 00—21 50	29 per cent	.....26c
C	21 00—23 50		.....26c

Third Quarter.

A	$28 00—34 00		.....26c
B	21 00—26 00	25 per cent	.....26c
C	23 00—24 50		.....26c

Fourth Quarter.

			Frt. Rate to Chicago from Group 1
A	$28 00—34 00		.....26c
B	21 00—26 00	25 per cent	.....26c
C	23 00—24 50		.....26c

"A"—1st and 2d flooring.

"B"—Common flooring.

"C"—3 inch—Dimension and timber under 12x12x30.

*—When loaded in box cars.

x—When loaded in flat cars.

Group 1—Southern Railway, Brunswick Division.

The percentage figures above show the per cent of freight rates as indicated in the statement to the prices of lumber as indicated in said statement.

Grade B, which is common flooring, and on which the per centages are calculated, weighs 2,300 pounds per thousand feet.

C. B. COMPTON EXHIBIT No. 5.

COMPARATIVE STATEMENT SHOWING PRICE OF YELLOW PINE LUMBER INTERMEDIATE AND LARGE SILLS PURCHASED BY THE LOUISVILLE & NASHVILLE RAILROAD COMPANY DURING THE YEARS 1900, 1901, 1902, 1903, 1904 AND 1905.

		Intermediate Sills	Large Sills
January,	1900	$13 00	$14 00
April,	1900	14 00	14 00
July,	1900	12 00	14 00
October,	1900	12 00	14 00
December,	1900	12 00	14 00
January,	1901	12 00	12 00
October,	1901	12 00	14 00
January,	1902	12 00	14 00
May,	1902	12 00	15 00
June,	1902	12 00	15 00
August,	1902	12 00	15 00
October,	1902	12 00	16 00
November,	1902	14 00	16 00
January,	1903	14 00	16 00
February,	1903	14 00	16 00
June,	1903	13 00	17 00
October,	1903	15 00	16 00
December,	1903	15 00	18 00
April,	1904	15 00	18 00
December,	1904	16 00	19 00
April,	1905	16 00	19 00
September,	1905	16 00	20 00
December,	1905	17 00	22 00

Office of purchasing agent, February 7, 1906.

COMPARISON OF PRICES ON YELLOW PINE LUMBER AT POINTS TAKING TWENTY-THREE CENT RATE ON DATES GIVEN. PER THOUSAND FEET.

DESCRIPTION OF LUMBER	1904			1906
	January	February	August	Feb'ry
A edge grain flooring	$ 29 00	$ 26 00	$ 26 00	$ 35 50
A flat grain flooring	21 00	19 50	20 50	29 50
Four inch No. 1 common flooring	17 50	16 50	17 00	25 00
⅝-inch A ceiling	20 00	19 00	19 00	25 50
½-inch A ceiling	15 50	14 00	14 00	18 50
A partition	24 00	22 00	22 00	30 50
6-inch A bevel siding	14 50	13 50	13 50	19 00
6-inch A drop siding	22 50	20 50	21 50	29 50
1 x ⅝ and 10 inch first and second finish	27 50	25 50	25 50	37 50
A base, from 8 and 10 inch stock	31 50	29 50	29 50	38 50
1-inch A door and window jambs	31 50	29 50	29 50	39 50
1 x 12-16 No. 1 common boards	19 50	18 50	18 50	22 75
1 x 10-16 No. 1 common boards	18 50	17 50	17 50	20 50
1 x 8-16 No. 1 common boards	18 00	17 00	17 00	20 00
1 x 12-16 No 2 common boards	16 75	15 75	15 75	19 25
1 x 10-16 No. 2 common boards	16 50	15 50	15 50	18 50
1 x 8-16 No. 2 common boards	17 50	15 50	15 50	18 50
1 x 4-16 No. 1 fencing	17 50	16 50	16 50	21 50
2 x 4-16 No. 1 dimension	16 50	15 50	15 50	19 00
2 x 10-16 No. 1 dimension	17 00	16 00	16 00	19 50
2 x 4-16 No. 2 dimension	15 00	14 00	14 00	17 50
4 x 10 to 12 x 12-16 timbers	21 00	21 00	21 00	26 50

L. [illegible], EX

STATEMENT OF "OFFICIAL YELLOW PINE PRICES COMPILED BY THE [illegible] MANUFACTURERS' ASSOCIATION," PUBLISHED IN [illegible] LUMBER TRADE JOURNAL, IN [illegible]

Prices per thousand feet delivered at points on or [illegible] of the

KIND OF LUMBER	Feb.	[illegible]	Oct.
A edge grain flooring	$26 00	[illegible]	$28 00
A flat grain flooring	19 50	[illegible]	22 00
4-inch No. 1 common flooring	16 50	[illegible]	18 50
5/8-inch A ceiling	19 00	[illegible]	20 50
3/8-inch A ceiling	14 00	[illegible]	15 00
A partition	22 00	[illegible]	23 50
6-inch A bevel siding	13 50	[illegible]	14 50
6-inch A drop siding	20 50	[illegible]	23 00
1 x 5, 8 and 10-inch first and second finish	25 50	[illegible]	27 50
A base from 8 and 10-inch stock	29 50	[illegible]	31 50
1-inch A door and window jambs	29 50	[illegible]	31 50
1 x 12-16 No. 1 common boards	18 50	[illegible]	19 00
1 x 10-16 No. 1 common boards	17 50	[illegible]	18 00
1 x 8-16 No. 1 common boards	17 00	[illegible]	17 50
1 x 12-16 No. 2 common boards	15 75	[illegible]	16 25
1 x 10-16 No. 2 common boards	15 50	[illegible]	16 00
1 x 8-16 No. 2 common boards	15 50	[illegible]	16 00
1 x 4-16 No. 1 fencing	16 50	[illegible]	17 00
2 x 4-16 No. 1 dimension	15 50	[illegible]	16 50
2 x 10-16 No. 1 dimension	16 00	[illegible]	16 50
2 x 4-16 No. 2 dimension	14 00	[illegible]	15 00
4 x 10 to 12 x 12-16 timbers	21 00	[illegible]	21 50

The prices prevailing in December, 1905, are still in [illegible]

Average advance, $6.08 per thousand feet.

Average advance, 32 per cent.

EXHIBIT No. 2.

THE AMERICAN LUMBERMAN FROM RECORDS OF THE SOUTHERN LUMBER
ED IN THE AMERICAN LUMBERMAN, A RELIABLE
L, IN ITS ISSUE OF JANUARY 6, 1906.

of the Ohio River to which the rate is 23 cents per hundred pounds.

	1905									
Oct.	Jan.	March	May	July	Sept.	Nov.	Dec.	Advance since Feb. 1904	No. of Advances
$28 00	$28 00	$30 00	$30 50	$31 50	$31 50	$33 50	$35 50	$ 9 50	6
22 00	23 00	24 00	24 50	25 50	25 50	27 50	29 50	10 00	8
18 50	19 50	20 50	20 50	21 00	21 00	23 00	25 00	8 50	7
20 50	20 50	22 50	22 50	22 50	23 50	24 00	25 50	6 50	5
15 00	15 00	16 00	16 00	16 00	17 00	17 50	18 50	4 50	5
23 50	24 50	26 50	27 00	27 00	28 00	28 50	30 50	8 50	7
14 50	14 50	16 00	16 50	16 50	17 50	18 00	19 00	5 50	6
23 00	23 50	24 50	25 00	27 00	28 00	27 50	29 50	9 00	9
27 50	29 00	32 00	33 00	36 00	37 00	37 50	37 50	12 00	7
31 50	33 00	36 00	37 00	38 00	39 00	38 50	38 50	9 00	7
31 50	33 00	36 00	37 00	38 00	39 00	39 50	39 50	10 00	7
19 00	19 00	19 75	19 75	20 25	20 75	21 25	22 75	4 25	6
18 00	18 00	18 50	18 50	19 00	19 50	19 50	20 50	3 00	5
17 50	17 50	18 00	18 00	18 50	19 00	19 00	20 00	3 00	5
16 25	16 25	17 25	17 25	17 25	17 75	17 75	19 25	3 50	4
16 00	16 00	16 50	16 50	17 00	17 50	17 50	18 50	3 00	5
16 00	16 00	16 50	16 50	17 00	17 50	17 50	18 50	3 00	5
17 00	17 00	18 00	18 00	18 50	19 00	19 50	21 50	5 00	6
16 50	16 50	17 00	17 50	17 50	18 00	18 00	19 00	3 50	5
16 50	16 50	17 00	17 00	17 00	18 00	18 00	19 50	3 50	4
15 00	15 00	15 00	16 00	16 00	16 50	16 50	17 50	3 50	4
21 50	21 50	21 50	22 00	22 50	24 50	24 50	26 50	5 50	5

L. GREEN EXHIBIT No. 3.

STATEMENT SHOWING NUMBER OF CARLOADS OF LUMBER VIA SOUTHERN RAILWAY FROM GEORGIA AND FLORIDA, AND ALSO FROM ALABAMA, MISSISSIPPI AND EASTERN LOUISIANA, TO POINTS ON AND NORTH OF THE OHIO RIVER, JANUARY TO OCTOBER INCLUSIVE, YEARS 1902, 1903, 1904, 1905.

Months		Georgia & Florida	Ala., Miss. & East La.	Total
January,	1902	404	279	683
February,	1902	434	229	663
March,	1902	473	429	902
April,	1902	543	375	918
May,	1902	519	235	754
June,	1902	408	347	755
July,	1902	681	397	1,078
August,	1902	415	375	790
September,	1902	514	250	764
October,	1902	385	335	720
Totals		4,776	3,251	8,027
January,	1903	506	359	865
February,	1903	544	440	984
March,	1903	693	371	1,064
April,	1903	564	468	1,032
May,	1903	424	712	1,136
June,	1903	641	540	1,181
July,	1903	636	480	1,116
August,	1903	427	476	903
September,	1903	338	390	728
October,	1903	338	396	734
Totals		5,111	4,632	9,743

Months		Georgia & Florida	Ala., Miss. & East La.	Total
January,	1904	375	422	797
February,	1904	295	298	593
March,	1904	399	344	743
April,	1904	391	417	808
May,	1904	261	401	662
June,	1904	289	327	616
July,	1904	185	304	489
August,	1904	248	361	609
September,	1904	241	463	704
October,	1904	223	422	645
Totals		2,907	3,759	6,666
January,	1905	310	393	703
February,	1905	458	408	866
March,	1905	590	488	1,078
April,	1905	512	616	1,128
May,	1905	630	416	1,046
June,	1905	459	475	934
July,	1905	411	484	895
August	1905	386	781	1,167
September,	1905	359	769	1,128
October,	1905	327	617	944
Totals		4,442	5,447	9,889

L. GREEN EXHIBIT No. 4.

COMPARISON OF PRICES PER THOUSAND FEET OF YELLOW PINE LUMBER IN FEBRUARY, 1898, AT POINTS TAKING A FREIGHT RATE OF 22 CENTS PER HUNDRED POUNDS WITH PRICES PREVAILING IN FEBRUARY, 1906, AT POINTS TAKING A FREIGHT RATE OF 23 CENTS PER HUNDRED POUNDS.

Description of Lumber	Feb. 1898	Feb. 1906	Inc'rs
A edge grain flooring	$21 00	$35 50	$14 50
A flat grain flooring	16 00	29 50	13 50
4 inch No. 1 common flooring	13 00	35 00	22 00
5/8-inch A ceiling	15 00	25 50	10 50
3/8-inch A ceiling	11 50	18 50	7 00
A partition	18 00	30 50	12 50
6-inch A bevel siding	11 50	19 00	7 50
6-inch A drop siding	17 00	29 50	12 50
1x5, 8 and 10-inch 1st & 2d finish	20 00	37 50	17 50
A base, from 8 and 10-inch stock	22 50	38 50	16 00
1-inch A door and window jambs	22 00	39 50	17 50
1x12-16 No. 1 common boards	15 00	22 75	7 75
1x10-16 No. 1 common boards	14 00	20 50	6 50
1x 8-16 No. 1 common boards	14 00	20 00	6 00
1x12-16 No. 2 common boards	14 00	19 25	5 25
1x10-16 No. 2 common boards	12 50	18 50	6 00
1x 8-16 No. 2 common boards	11 50	18 50	7 00
1x 4-16 No. 1 fencing	13 00	21 50	8 50
2x 4-16 No. 1 dimension	13 50	19 00	5 50
2x10-16 No. 1 dimension	14 00	19 50	5 50
2x 4-16 No. 2 dimension	11 50	17 50	6 00
4x10 to 12x12-16 timbers	17 00	26 50	9 50

L. GREEN EXHIBIT No. 5.

STATEMENT SHOWING THE INCREASE IN PRICES OF MATERIAL USED BY SOUTHERN RAILWAY IN HANDLING OF LUMBER, YEAR 1905, AS COMPARED WITH YEAR 1904.

WAGES PAID ENGINEERS AND FIREMEN, ROUNDHOUSEMEN, CONDUCTORS AND TRAINMEN, SWITCHMEN AND YARDMEN.

Year Ended December 31, 1905..	$6,221,373 90	
Year ended December 31, 1904.....	5,816,498 35	
Increase		$404,875 55
Percentage of increase.....		6.96 per cent

FUEL FOR LOCOMOTIVES.

Year ended December 31, 1905.....$	3,404,644 23	
Year ended December 31, 1904.....	3,329,634 15	
Increase		$ 75,010 08
Percentage of increase.....		2.25 per cent

AVERAGE PRICES PAID FOR NEW EQUIPMENT.

Locomotives—		
Year ended December 31, 1905..$	15,962 00	
Year ended December 31, 1904..	15,510 00	
Increase		$ 452 00
Percentage of increase.....		2.91 per cent
Box Cars (including Vent. and Plain)—		
Year ended December 31, 1905..$	655 00	
Year ended December 31, 1904..	541 00	
Increase		$ 114 00
Percentage of increase.....		21.07 per cent

Flat Cars (steel)—		
Year ended December 31, 1905..	$ 853 00	
Year ended December 31, 1904..	.....	
Increase		$ 853 00
Percentage of increase.....		.....
Coal and Gondola Cars—		
Year ended December 31, 1905..	$ 893 00	
Year ended December 31, 1904..	763 39	
Increase		$ 129 61
Percentage of increase.....		16.98 per cent

L. GREEN, EXHIBIT No. 6.

STATEMENT SHOWING THE PRICES OF VARIOUS KINDS OF YELLOW PINE LUMBER IN THE ATLANTA MARKET DURING EACH OF THE MONTHS SHOWN.

	Flooring, firsts	Flooring, seconds	Flooring, common	Boards, 1 x 12 x 12 in.	Sills, sizes 6 x 8 in., 4 x 8 in., 4 x 6 in.	Structural timber under 12 x 12 in. and under 30 ft.	Structural timber 12x12 in. and over and under 30 ft.
1902—October	$17 00	$16 00	$14 50	$11 00	$11 00	$11 00	$16 00
1903—October	16 00	15 00	13 50	11 00	11 00	11 00	17 00
1904—October	16 00	15 00	13 50	11 00	11 00	11 00	18 00
1904—November	16 50	15 50	14 00	11 00	11 00	11 00	18 00
1904—December	17 00	16 00	14 50	11 50	11 50	11 50	18 00
1905—January	17 50	16 50	15 00	11 50	11 50	11 50	19 00
1905—February	18 00	17 00	15 50	12 00	12 00	12 00	20 00
1905—March	18 00	17 00	15 50	12 50	12 50	12 50	21 00
1905—April	18 50	17 50	16 00	12 50	12 50	12 50	22 00
1905—May	18 50	17 50	16 00	13 50	13 50	13 50	22 00
1905—June	19 00	17 50	16 00	13 50	13 50	13 50	22 00

L. GREEN EXHIBIT No. 7.

CIRCULAR LETTER No. 3. SERIES 1905-1906.

The Southeastern Freight Association

ARTICLES OF ASSOCIATION.

OF

THE SOUTHEASTERN FREIGHT ASSOCIATION.

For the purposes set forth in the following articles, the companies subscribing hereto form the Southeastern Freight Association:

ARTICLE I.

SECTION 1. An Executive Board is hereby created, composed of either the President, Vice President, General Manager or other officer of each member of the association, as designated annually by such member; but such officer thus designated may appoint any other officer or agent of his company, as proxy, with power to represent him at any meeting of said board.

SEC. 2. The Executive Board shall elect its own chairman. Said board shall also elect the chairman of the association, and shall fix his term of service and salary. All expenses of the association shall be subject to the review and revision of the Executive Board, or of a committee to be appointed by said board.

SEC. 3. The Executive Board shall meet upon the written request of two or more members thereof, or upon the call of its chairman.

SEC. 4. A majority of the members of the Executive Board, present or represented by proxy, shall constitute a quorum.

SEC. 5. It shall require the unanimous action of those present, in person or by proxy, to adopt any motion or resolution that may be made before the Executive Board.

SEC. 6. The Executive Board shall have power to reconsider any matter that may have been considered by the Conference Committee hereinafter provided for.

ARTICLE II.

SECTION 1. Each member of the Executive Board shall appoint a traffic officer of his company, and such traffic officers, thus appointed, shall constitute a Conference Committee. Any traffic officer appointed a member of the Conference Committee may appoint any other officer or agent of his company, as proxy, with power to represent him at any meeting of said committee.

SEC. 2. Any member of this association proposing to make any change in its rates, rules or regulations, will suggest the same to said Conference Committee for consideration and interchange of views, before such change shall take effect; but it is distinctly understood that each member reserves to itself at all times the right to take separate and independent action on each and every subject, whether suggested to said Conference Committee or not.

ARTICLE III.

SECTION 1. Upon complaint to the chairman of the association that illegal devices have been resorted to, whether by secret rebates, or drawbacks, or payment of commissions, or underbilling of weights, or otherwise, he shall make an investigation thereof, and he or his representatives shall be given access to the records of all members of the association, so far as the same may pertain to the traffic with reference to which such complaint may have been made.

ARTICLE IV.

SECTION 1. The association expenses shall be ap ‘ioned fairly between the members of the Executive Board, and upon the basis so fixed by the board, the chairman of the association shall have authority to collect the same.

ARTICLE V.

SECTION 1. Any member retiring from this association before the expiration of the time herein fixed, except by unanimous consent, shall not be released from its obligations to contribute its share of the association expenses, as the same may be fixed by the Executive Board.

ARTICLE VI.

SECTION 1. It shall be the duty of the chairman to preside at all meetings of the Conference Committee; to keep the records of the association; to receive from each member of the association copies of tariffs or rates established by said member; to compile, print and distribute such tariffs or rates in conformity with the Interstate Commerce Act and other laws; to formulate and distribute such statistical information as may be called for by the Conference Committee or by the Executive Board; any expense incurred in collecting such information to be apportioned among the interested members by the chairman of the association. Each member will furnish such reports of freight traffic, and other statistical data, as may be called for by the chairman of the association. The chairman shall also receive and list for discussion subjects coming before the Conference Committee, conduct all correspondence that may be necessary, and communicate such information as to the records of the association as may be requested by members and others interested.

SEC. 2. Each member shall, at the time of issue, file with

the chairman of the association copies of all tariffs or rates that may be issued by such member, and in which any other member may be interested.

ARTICLE VII.

SECTION 1. Nothing herein contained shall be so construed as to confer upon a majority, or any number of members of this association, the power or authority to make rates or tariffs upon the line of any other member of this association, or to make joint rates or tariffs for any other member. Nothing herein contained shall be so construed as to confer upon the Executive Board, or the Conference Committee, or the chairman of the association, or the chairman of the Executive Board, or upon any other committee or officer of this association, the power or authority to make rates or tariffs upon the line of any member of this association, or to make joint rates or tariffs for any member of this association; it being distinctly understood that each member of this association expressly reserves to itself the exclusive power to make rates and tariffs on its own line, and to itself and its connections the exclusive power to make joint rates and tariffs, free from the dictation or control of any other member or members.

ARTICLE VIII.

SECTION 1. The articles of this association shall relate to the territory lying south of the Potomac River to the Virginia-West Virginia State line; then via said line to Bristol, Tenn., through and including Middlesboro, Ky., Jellico and Harriman Junction, Tenn., to and including Chattanooga, Tenn., and on and south and east of a line from Chattanooga, Tenn., via the Alabama Great Southern Railroad to Birmingham, Ala.; thence via Southern Railway to and including Selma, Ala.; thence via Western Railway of Alabama to and including Montgomery, Ala.; thence via the Atlantic Coast Line Railroad through Valdosta, Ga.,

Jasper, Live Oak and Lake City, Fla., to Jacksonville, Fla., including points on the line from Montgomery to Jacksonville; thence via the South Atlantic seaboard to the Potomac River. Said articles shall relate to the rail lines and steamship lines which are now, or may hereafter become, members of this association.

SEC. 2. Said articles shall relate to traffic having origin or destination within the territory above defined, in which two or more members of this association may be interested, except that said articles shall not relate to traffic between any two points north of the Virginia-North Carolina State line, nor to traffic between points on the designated northern and western boundary lines and points outside of the territory as above defined; nor to traffic from or through North Atlantic ports to South Atlantic ports, proper, or from South Atlantic ports, proper, to or through North Atlantic ports; nor to coke and bituminous coal.

ARTICLE IX.

SECTION 1. No change shall be made in these articles of association, except by consent of each member of the association.

ARTICLE X.

SECTION 1. These articles of association shall become effective the 1st day of May, 1905, and continue in force until April 30, 1906.

OCEAN STEAMSHIP COMPANY,
W. H. Pleasants, Vice President and G. M.

NEW YORK & TEXAS STEAMSHIP CO. (Bwick Service),
By H. H. Raymond.

CENTRAL OF GEORGIA RAILWAY CO.,
By W. A. Winburn, Second Vice President.

WESTERN & ATLANTIC R. R.,
By H. F. Smith, Traffic Manager.

ATLANTIC COAST LINE RAILROAD CO.,
By T. M. Emerson, Third Vice President.

CHARLESTON & WESTERN CAROLINA R. R.,
By T. M. Emerson, Traffic Manager.

NORFOLK & WESTERN RY.,
By L. E. Johnson, President.

THE CHESAPEAKE STEAMSHIP CO.,
By Reuben Foster, President.

LOUISVILLE & NASHVILLE R. R. CO. (A. K. & N. Div.),
By Wm. J. Dickinson, Third Vice President.

MERCHANTS & MINERS TRANS. CO.,
By J. C. Whitney, Second V. P. & T. M.

SOUTHERN RAILWAY,
By J. M. Culp, Third Vice President.

OLD DOMINION STEAMSHIP COMPANY.,
By H. B. Walker, V. P. & T. M.

CLYDE S. S. CO.,
Theo. G. Eger.

GEORGIA SOUTHERN & FLORIDA RY. CO.,
By Wm. C. Shaw, V. P. Per J. M. C.

MACON & BIRMINGHAM RY. CO.,
By Wm. C. Shaw, V. P. Per J. M. C.

BALTIMORE STEAM PACKET CO.,
By John R. Sherwood, Vice President and General Manager

SEABOARD AIR LINE RAILWAY,
By E. F. Cost, Second Vice President.

The Columbia, Newberry & Laurens R. R. Co.,
By W. G. Childs, Pt.

The Florida East Coast Ry. Co.,
J. P. Beckwith, Traffic Manager.

Georgia, Florida & Alabama Ry. Co.
By J. P. Williams, President.

Atlantic & Birmingham Railway Co.,
H. C. McFadden, General Freight Agent.

Wrightsville & Tennille R. R. Co.,
A. F. Daley, President.

Hawkinsville & Fla. Sou. Ry. Co.,
By H. E. Rodes. General Manager.

The Atlanta & West Point R. R.,
The Western Railway of Ala.,
By Charles A. Wickersham, P & G. M.

Georgia Railroad,
By Thos. K. Scott, General Manager.

Gainesville Midland Railway,
By Samuel C. Dunlap, General Manager.

Virginia & Southwestern Ry.,
By Jno. B. Newton, V. P. & G. M.

L. GREEN EXHIBIT No. 8.

ARTICLES OF ASSOCIATION
OF THE
SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION.

For the purposes set forth in the following articles, the parties hereto form a freight association, to be known as the SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION.

ARTICLE I.

1. The traffic to which these articles relate shall be the following, in which two or more of the parties hereto are interested:

(*a*) Freight traffic which passes from, to, or through Ohio River or Mississippi River points, Cincinnati to New Orleans inclusive, when destined to or coming from Mississippi River points south of Cairo to New Orleans inclusive; except, that traffic between points west of points on the west bank of the Mississippi River and Mississippi River points south of Cairo to New Orleans inclusive shall not be included.

(*b*) Freight traffic passing from, to, or through Ohio River and Mississippi River points, Cincinnati to New Orleans inclusive, when destined to or coming from points south of the Ohio River and the Virginias, and east of the Mississippi River.

(*c*) Freight traffic originating at and destined to junction or crossing points, both of which are located east of the Mississippi River and south of the Ohio River and the Virginias.

(*d*) But these articles shall not relate to coke, bituminous coal, cotton, or export or import traffic.

2. The territory to which these articles relate is bounded on the north by the Ohio River, on the east by a line from Jellico through Harriman Junction, Chattanooga, Birmingham, Selma, and Montgomery to Pensacola, including junction points on the Alabama Mineral Division of the L. & N. Railroad (Attalla to Calera inclusive); on the south by the Gulf of Mexico, and on the west by the Mississippi River, including points on said boundary lines.

ARTICLE II.

1. A chairman shall be selected by the unanimous vote of the association. His duties shall be to preside at all meetings of the association, conduct all necessary correspondence, keep necessary records, promulgate rules and regulations which may be established by the association, and the rates, rules and regulations which may be established by the several members of the association applying on traffic to which these articles relate.

2. The chairman shall issue notices of regular meetings of the association as hereafter provided for, not less than ten days in advance of the day fixed for such meetings, accompanied by a list of subjects to be considered and discussed at such meetings. Special meetings of the association shall be called by the chairman on request of two or more members, provided that not less than seven days' notice in advance be given of such special meetings. The members making such request shall designate the subject or subjects to be considered and discussed, which subjects shall be transmitted by the chairman with his call.

3. The chairman shall cause statements of traffic carried within the territory defined above by each of the parties hereto, to be compiled at such time and for such periods and distributed in such manner as the association may direct.

4. The chairman shall have access either in person or by appointee to the books, papers, correspondence, etc., of any of the officers, agents or employes of the parties hereto, relative to said traffic, so far as may be necessary to carry out the purposes of these articles.

5. The chairman shall perform such other duties as may be assigned him under the terms of these articles.

6. The chairman shall effect and maintain such an office organization as will enable him to efficiently perform the duties delegated in these articles, subject to the approval of the association.

ARTICLE III.

1. All changes proposed by any member in its rates, rules and regulations will be suggested to the association for consideration and discussion; provided, however, that nothing herein shall be construed as impairing the right of any member to change any of its rates, rules and regulations, according to law, whenever it deems proper to do so; it being distinctly understood that each member reserves to itself at all times the right to take separate and independent action on each and every subject, whether suggested to said association or not.

Nothing herein contained shall be so construed as to confer upon a majority, or any number of members of this association, the power or authority to make rates or tariffs upon the line of any other member of this association, or to make joint rates or tariffs for any other member.

Nothing herein contained shall be so construed as to confer upon the chairman of the association, or upon any committee or officer of this association, the power or authority to make rates or tariffs upon the line of any member of this association, or to make joint rates or tariffs for any member of this association; it being distinctly understood that each member of this associa-

tion expressly reserves to itself the exclusive power to make rates and tariffs on its own line, and to itself and its connections the exclusive power to make joint rates and tariffs, free from the dictation or control of any other member or members.

2. Each member shall promptly notify the chairman of its purpose to establish any rate, rule or regulation on traffic to which these articles relate, together with the effective date; and shall furnish to the chairman as soon as issued copies of all tariffs or other issues relating to said traffic.

3. Regular meetings of the association shall be held at such times and places as may be mutually agreed upon.

ARTICLE IV.

1. The authorized expenses of the association shall be apportioned by the chairman on the basis of mileage of the lines parties hereto within the territory hereinbefore described.

ARTICLE V.

1. The headquarters of the association and the office of the chairman shall be at Louisville, Ky.

2. These articles shall become effective on the 14th day of August, 1902, and continue in force until May 1, 1903; and thereafter subject to thirty days' written notice by any member to the chairman of its intention to withdraw therefrom.

Alabama Great Southern Railroad Co.
Alabama & Vicksburg Railway Co.
Cincinnati, New Orleans & Texas Pacific Railway Co.
Illinois Central Railroad Co.
Illinois Central Railroad Co. (Louisville Division).
Kansas City, Memphis & Birmingham Railroad Co.
Louisville & Nashville Railroad Co.
Mobile & Ohio Railroad Co.
Nashville, Chattanooga & St. Louis Railway Co.
New Orleans & Northeastern Railroad Co.
Southern Railway Co.
Yazoo & Mississippi Valley Railroad Co.

L. GREEN, EXHIBIT No. 9.

COMPARISON LUMBER RATES WITH SIXTH CLASS RATES FROM REPRESENTATIVE LUMBER SHIPPING POINTS IN ALABAMA, MISSISSIPPI AND EAST LOUISIANA TO REPRESENTATIVE LUMBER RECEIVING POINTS ON AND NORTH OF THE OHIO RIVER.

FROM / TO	Cincinnati		Louisville		Evansville	
	6th	Lbr.	6th	Lbr.	6th	Lbr.
Thomasville, Ala	66	23	62	21	62	22
Jackson, Ala	75	23	69	21	69	22
Mt. Vernon, Ala	53	23	49	21	49	22
Quitman, Miss	63	23	59	21	59	22
Waynesboro, Miss	61	23	57	21	57	22
Citronelle, Ala	57	23	53	21	53	22
Vossburg, Miss	65	23	61	21	60	22
Hattiesburg, Miss	64	23	60	21	60	22
Lumberton, Miss	63	23	59	21	59	22
Hazelhurst, Miss	55	...	50	...	50	...
Pine	...	23	...	21	...	22
Cypress	...	21	...	19	...	20
Other lumber	...	20	...	18	...	19
McComb, Miss	56	...	51	...	51	...
Pine	...	23	...	21	...	22
Cypress	...	21	...	19	...	20
Other lumber	...	20	..	18	...	19
Hammond, La	57	...	52	...	52	...
Pine	...	23	...	21	...	22
Cypress	...	21	...	19	...	20
Other lumber	...	20	...	18	...	19
Harriston, Miss	57	...	53	...	51	...
Pine	...	23	...	21	...	22
Cypress	...	21	...	19	...	20
Other lumber	...	20	...	18	...	19
Gloster, Miss	62	...	58	...	56	...
Pine	...	23	...	21	...	22
Cypress	...	21	...	19	...	20
Other lumber	...	20	...	18	...	19
Slaughter, La	54	...	50	...	48	...
Pine	...	23	...	21	...	22
Cypress	...	21	...	19	...	20
Other lumber	...	20	...	18	...	19

L. GEEEN, EXHIBIT No. 9— Con.

COMPARISON LUMBER RATES WITH SIXTH CLASS RATES FROM REPRESENTATIVE LUMBER SHIPPING POINTS IN ALABAMA, MISSISSIPPI AND EAST LOUISIANA TO REPRESENTATIVE LUMBER RECEIVING POINTS ON AND NORTH OF THE OHIO RIVER.

FROM / TO	Cairo		St Louis		Chicago	
	6th	Lbr.	6th	Lbr.	6th	Lbr.
Thomasville, Ala	56	16	62	20	68	26
Jackson, Ala	65	16	71	20	77	26
Mt. Vernon, Ala	43	16	49	20	55	26
Quitman, Miss	43	16	49	20	55	26
Waynesboro, Miss	43	16	49	20	55	26
Citronelle, Ala	47	16	53	20	59	26
Vossburg, Miss	43	16	49	20	55	26
Hattiesburg, Miss	43	16	49	20	55	26
Lumberton, Miss	43	16	49	20	55	26
Hazelhurst, Miss	39	...	50	...	...	55
Pine	...	16	...	20	...	26
Cypress	...	14	...	...	...	24
Other lumber	...	13	...	...	...	23
McComb, Miss	40	...	51	...	56	...
Pine	...	16	...	20	...	26
Cypress	...	14	...	...	...	24
Other lumber	...	13	...	...	...	23
Hammond, La	41	...	52	...	57	...
Pine	...	16	...	20	...	26
Cypress	...	14	...	...	...	24
Other lumber	...	13	...	...	...	23
Harrison, Miss	47	...	53	...	59	...
Pine	...	16	...	20	...	26
Cypress	...	14	...	...	...	24
Other lumber	...	13	...	...	...	23
Gloster, Miss	52	...	58	...	64	...
Pine	...	16	...	20	...	26
Cypress	...	14	...	...	...	24
Other lumber	...	13	...	...	...	23
Slaughter, La	44	...	50	...	56	...
Pine	...	16	...	20	...	26
Cypress	...	14	...	...	...	24
Other lumber	...	13	...	...	...	23

LUMBER FORWARDED FROM AND VIA ... & N.
CENTRE ... IGHT

MONTH	1902 No. of Cars		1903 No. of C...	
	N. O. & N. E.	Connecting Lines	N. O. & N. E.	N. C...
January	841	55	816	
February	690	218	834	
March	928	162	781	
April	1,072	139	925	
May	1,016	285	907	
June	668	305	738	
July	892	330	862	
August	917	199	911	
September	597	140	801	
October	913	122	924	
November	785	168	571	
December	837	164	689	
Totals	10,156	2,287	9,759	5
Grand Totals	12,443		12,4...	

TEELE, EXHIBIT No. 1.

& N. E. AND A. & V. STATIONS IN MISSISSIPPI TO POINTS IN IGHT ASSOCIATION TERRITORY.

& N. E.				A. & V.			
1904 No. of Cars		1905 No. of Cars		1902 No. Cars	1903 No. Cars	1904 No. Cars	1905 No. Cars
N. O. & N. E.	Connecting Lines	N. O. & N. E.	Connecting Lines	A. & V.	A. & V.	A. & V.	A. & V.
406	276	405	393	137	114	64	64
564	282	445	394	147	74	73	65
615	285	780	625	169	106	118	137
675	316	609	746	185	135	112	93
508	368	629	807	160	123	82	104
371	354	676	680	189	142	111	85
427	299	649	590	170	159	81	84
385	320	486	697	148	129	93	91
469	353	526	620	154	77	99	113
445	472	434	446	93	85	77	72
445	424	379	301	76	82	81	76
450	401	392	278	78	103	83	79
5,760	4,150	6,410	6,577	1,706	1,329	1,074	1,063
9,910		12,987					

IN THE

CIRCUIT COURT OF THE UNITED STATES

For the Eastern District of Louisiana.

INTERSTATE COMMERCE COMMISSION

vs.

ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In Equity. No. 13346.

Deposition of William Renshaw, a witness for the defendant Illinois Central Railroad Company, taken by me, Frank L. DeLay, a notary public for Cook County, Illinois, under an agreement entered into in Chicago, Ill., February 10, 1906, between T. M. Miller, Esq., solicitor for complainant, and Sidney F. Andrews, Esq., solicitor for defendant Illinois Central Railroad Company, by which notice and all formal parts were waived, and by which it was further agreed that the deposition should be taken and transmitted to T. M. Miller, Esq., at New Orleans, Louisiana, and by him filed in this cause, unless, after reading same, he should desire to ask any cross interrogatories, in which event he should return the deposition, together with any cross interrogatories, and the witness shall then be recalled and examined, and after such cross interrogatories shall be answered by the witness, together with any redirect questions made necessary thereby, the deposition should then again be transmitted to Mr. Miller and filed by him.

William Renshaw, a witness called on behalf of defendant Illinois Central Railroad Company, and residing at Chicago, Ill., more than one hundred miles from the place where this cause is to be tried, being duly cautioned and sworn to tell the whole truth, and being carefully examined, deposes and says as follows:

DIRECT EXAMINATION BY MR. ANDREWS.

Q. State your name, residence and occupation.

A. William Renshaw; residence, Chicago, Ill.; occupation, superintendent of machinery, Illinois Central Railroad Company.

Q. Please state whether you have had made, under your supervision, a statement showing the value of the equipment or the rolling stock acquired by the Illinois Central Railroad Company when it took over the Chicago, St. Louis & New Orleans Rairoad, and the Mississippi & Tennessee Railroad.

A. I have; yes, sir.

Q. Please state what equipment was then acquired from these roads.

A. We got twelve locomotives from the Mississippi & Tennessee Railroad; from the Chicago, St. Louis & New Orleans Railroad we got ninety-eight locomotives. We got sixty-three passenger cars from the Chicago, St. Louis & New Orleans Railroad, and from the Mississippi & Tennessee thirteen. We got from the Chicago, St. Louis & New Orleans Railroad one thousand four hundred and seventy-six freight cars, and from the Mississippi & Tennessee two hundred and eighty-seven.

Q. Was the rolling stock and equipment acquired by the Illinois Central Railroad Company from the Chicago, St. Louis & New Orleans Railroad and the Mississippi & Tennessee Railroad, in regard to which you have testified, appraised at the time the Illinois Central Railroad Company got it?

A. I am unable to say. I was not superintendent of machinery at that time.

Q. Have you estimated what the value of this rolling stock was at the time the Illinois Central Railroad Company acquired it, and if so state what your estimate is?

A.

98 locomotives acquired from the C. St. L. & N. O. R. R. Co.	$245,000
12 locomotives acquired from the M. & T. R. R. Co.	34,500
Total	$279,500

63 passenger cars acquired from the C. St. L. & N. O. R. R. Co.	$116,750
13 passenger cars acquired from the M. & T. R. R. Co.	25,000
Total	$141,750

1,476 freight cars acquired from the C. St. L. & N. O. R. R. Co.	$369,000
287 freight cars acquired from the M. & T. R. R. Co.	71,750
Total	$440,750

Q. What was the total value of this entire equipment received from those two companies, the Chicago, St. Louis & New Orleans Railroad Company and the Mississippi & Tennessee Railroad Company, at the time it was received?

A. Eight hundred and sixty-two thousand dollars.

Q. Please state what method you have used to ascertain the value of the equipment acquired at the time the Illinois Central Railroad Company took over the Chicago, St. Louis & New Orleans Railroad and the Mississippi & Tennessee Railroad.

A. I allowed a value for that equipment somewhat slightly in excess of the value placed on the equipment we received when we took over the Chesapeake, Ohio & Southwestern Railroad. The latter equipment was more modern and heavier, and of greater capacity, because we acquired it about the year 1897.

Q. Please state whether the Illinois Central Railroad Company acquired any equipment or rolling stock from the Chicago, St. Louis & New Orleans Railroad Company at the time it began to operate the Chesapeake, Ohio & Southwestern Railroad and its affiliated lines.

A. Yes, sir.

Q. State what the equipment was and its value at the time the Illinois Central received it.

A. The Illinois Central received—

55 locomotives valued at	$142,650
66 passenger cars valued at	94,619
2,867 freight cars valued at	403,478

Q. What is the total value of the equipment that formerly belonged to the Chesapeake, Ohio & Southwestern Railroad Company?

A. Six hundred and forty thousand, seven hundred and forty-seven dollars.

Q. Now, please state whether the Illinois Central Railroad Company has furnished any equipment to the lines of railroad south of the Ohio River belonging to the Chicago, St. Louis & New Orleans Railroad Company, for use on those lines of road.

A. Yes, sir.

Q. Have you got a statement of that for the fiscal years 1902, 1903, 1904, 1905 and the six months of the fiscal year 1906 ending December 31, 1905?

A. Yes, sir.

Q. Has this statement been made under your supervision?

A. Yes, sir.

The statements referred to by the witness in his previous testimony, together with the one just mentioned, were here produced, marked in the order in which they have been testified to, Exhibits A, B, C, and are hereto attached.

Q. State the value of the equipment furnished by the Illinois Central Railroad Company to the Chicago, St. Louis & New Orleans Railroad Company, for use on its lines, in excess of the value of such equipment acquired by the Illinois Central Railroad Company from that company, for the fiscal year ending

June 30, 1902, 1903, 1904, 1905, and the six months of the fiscal year 1906 ending December 31, 1905.

A. Value of such excess equipment for the fiscal year was—

1902	$ 8,746,598 57
1903	10,550,442 24
1904	11,347,711 48
1905	12,139,782 97
First six months of fiscal year 1906 ending December 31, 1905	12,140,851 04

Q. State how you have arrived at the amount of equipment furnished by the Illinois Central Railroad Company to those lines south of the Ohio River during those years.

A. We used the cost of the engines—original cost of the engines—depreciated on a basis of 5 per cent per annum, assuming the life of the engine to be twenty years.

Q. State how you arrived at the value of the freight and passenger cars furnished.

A. For passenger cars we took the cost price depreciated 5 per cent per annum.

Q. Now, please state how you arrived at the value of the freight cars.

A. We took the value of a new car of the same size and capacity, depreciated on a basis of 6 per cent per annum, which is the Master Car Builder's rule.

Q. As I understand you, Mr. Renshaw, you took the actual

cost of the locomotive and the cars that you furnished, and then you allowed this 5 per cent depreciation?

A. Five per cent on engines and passenger cars and 6 per cent on freight cars.

Q. State how you arrived at the number of locomotive engines furnished by the Illinois Central Railroad Company to those Southern lines.

A. We arrived at that from the weekly and monthly reports showing engines in service on those lines.

Q. How did you arrive at the number of passenger cars used on those lines?

A. The number of passenger cars was obtained by taking all cars in the runs between points on Southern lines, and the per cent of such cars as are run on both Northern and Southern lines, the proportion being determined on the road mileage basis. As an illustration, we have twenty-six cars running between Chicago and New Orleans; 60 per cent of this run is over Southern lines. We therefore took 60 per cent of twenty-six cars and 60 per cent of the value of twenty-six cars.

Q. How did you arrive at the number of freight cars?

A. The number of freight cars on the Southern lines was determined by dividing freight car mileage on those lines for the year by the average miles of one car per year.

WILLIAM RENSHAW.

Subscribed and sworn to before me this 13th day of February, 1906.

FRANK L. DELAY, *Notary Public.*

EXHIBIT "A," RENSHAW.

STATEMENT

SHOWING EQUIPMENT ILLINOIS CENTRAL RAILROAD CO. ACQUIRED WITH THE C. ST. L. & N. O. R. R. AND M. & T. R. R., AND VALUE OF SAME.

CLASS OF EQUIPMENT	C. ST. L. & N. O. R. R.		M. & T. R. R.		TOTAL	
	No.	Value	No.	Value	No.	Value
Locomotives...	98	$245,000	12	$ 34,500	110	$279,500
Passenger cars	63	116,750	13	25,000	76	141,750
Freight cars...	1476	369,000	287	71,750	1763	440,750
Total.....	.....	$730,750	.....	$131,250	.....	$862,000

EXHIBIT "B," RENSHAW.

STATEMENT

SHOWING EQUIPMENT ILLINOIS CENTRAL RAILROAD CO. ACQUIRED WITH THE C. & O. S. W. R. R., AND VALUE OF SAME.

CLASS OF EQUIPMENT	No.	VALUE
Locomotives	55	$142,650
Passenger cars.....	15	94,619
Freight cars.....	2867	403,478
Total	.....	$640,747

EXHIBIT C, RENSHAW.

STATEMENT.

Showing the Value of the Equipment Furnished by the Illinois Central Railroad Co to the Chicago, St. Louis & New Orleans Railroad Co., for Use on its Lines in Excess of the Value of Such Equipment Acquired by the Illinois Central Company from that Company for the Fiscal Years Ending June 30, 1902, 1903, 1904, 1905, and for the six Months to December 31, 1905.

Class of Equipment	Acquired		June 30, 1902		Excess Value
	No.	Value	No.	Value	
Locomotives	164	$ 422,150 00	315	$ 1,823,573 00	$ 1,401,423 00
Passenger cars	141	236,369 00	140	450,516 00	214,147 00
Freight cars	4,630	844,228 00	16,709	7,975,256 57	7,131,028 57
Total		$1,502,747 00		$10,249,345 57	$ 8,746,598 57
	Acquired		June 30, 1903		
Locomotives	164	$ 422,150 00	321	$ 1,895,581 00	$ 1,473,431 00
Passenger cars	141	236,369 00	132	493,193 00	256,824 00
Freight cars	4,630	844,228 00	18,097	9,664,415 24	8,820,187 24
Total		$1,502,747 00		$12,053,189 24	$ 10,550,442 24

EXHIBIT C, RENSHAW Con.

STATEMENT.

Class of Equipment	Acquired		June 30, 1904		Excess Value
	No.	Value	No.	Value	
Locomotives. . . .	164	$ 422,150 00	358	$ 2,449,402 00	$ 2,027,252 00
Passenger cars. . .	141	236,369 00	144	489,011 00	252,642 00
Freight cars. . . .	4,630	844,228 00	19,127	9,912,045 48	9,067,817 48
Total.	. . . .	$1,502,747 00	. . . .	$12,850,458 48	$ 11,347,711 48
	Acquired		June 30, 1905		
Locomotives. . .	164	$ 422,150 00	394	$ 2,841,444 00	$ 2,419,294 00
Passenger cars. . .	141	236,369 00	149	528,621 00	292,252 00
Freight cars. . . .	4,630	844,228 00	19,938	10,272,464 97	9,428,236 97
Total.	. . . .	$ 1,502,747 00	. . . .	$13,642,529 97	$ 12,139,782 97
	Acquired		December 31, 1905		
Locomotives. . . .	164	$ 422,150 00	406	$ 3,022,873 00	$ 2,600,723 00
Passenger cars. . .	141	236,369 00	149	505,087 00	268,718 00
Freight cars. . . .	4,630	844,228 00	19,604	$10,115,638 64	9,271,410 64
Total.	. . . .	$1,502,747 00	. . . .	$13,643,598 64	$ 12,140,851 64

IN THE

CIRCUIT COURT OF THE UNITED STATES

For the Eastern District of Louisiana.

INTERSTATE COMMERCE COMMISSION

vs.

ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In Equity. No. 13346.

State of Illinois,
Northern District of Illinois, } ss.
Eastern Division,
County of Cook.

I hereby certify that on the 12th day of February, 1906, before me, Frank L. DeLay, a notary public in and for the county of Cook and State of Illinois, at Room 810, No. 1 Park Row, Chicago, Illinois, in accordance with an agreement of counsel, as stated in the first page of this deposition, personally appeared William Renshaw, the witness therein named, between the hours of 9 a. m. and 5 p. m., and Sidney F. Andrews, Esquire, appeared as counsel for defendant Illinois Central Railroad Company. No one appeared as counsel for complainant. The said William Renshaw, being by me first duly cautioned and sworn to testify the whole truth, and being carefully examined, deposed and said, as appears by the deposition hereto annexed.

And I further certify that the said deposition was then reduced to typewriting by me, and after it had been reduced to typewriting, was subscribed by the witness.

And I further certify that the reason why the said deposition was taken was as shown in the opening part of this deposition.

And I further certify that I am not of counsel or attorney to either of the parties, nor am I interested in the event of the cause.

And I further certify that the fee for taking said deposition, $5.00, has been paid to me by the defendant Illinois Central Railroad Company, and the same is just and reasonable.

In testimony whereof I have hereunto set my hand and official seal at the city of Chicago, in the county of Cook and State of Illinois, this 13th day of February, A. D. 1906.

FRANK L. DELAY, *Notary Public.*

Statement of Receipts, Operating Expenses, etc., of the Main Line and Kosciusko Branch, Memphis Division, and Louisville Division of the Chicago, St. Louis & New Orleans Railroad.

Items	Year Ended June 30, 1904	Year Ended June 30, 1905	6 Months Ended Dec. 31, 1905
Gross receipts	$16,932,774 94	$18,562,385 55	$ 9,051,805 14
Operating expenses	11,757,604 81	12,861,750 28	6,576,563 99
Net income from operation	$ 5,175,170 13	$ 5,700,635 27	$ 2,475,241 15
Other income	.....	.....	.....
Net income from all sources	$ 5,175,170 13	$ 5,700,635 27	$ 2,475,241 15
Interest on funded debt and leased line certificates	2,403,040 00	2,403,020 00	1,201,437 50
Rentals of leased lines	12,039 70	12,039 70	6,019 85
Taxes	462,772 29	506,538 04	263,778 00
Dividends	.....	.....	.....
Surplus	$ 2,297,318 14	$ 2,779,037 53	$ 1,004,005 80
Miles of road operated	1,306.27	1,306.27	1,306.27
Amount expended in permanent improvements charged to operating expenses	.....	.....	.....
Amount expended in permanent improvements charged to construction account	$ 3,813,288 04	$ 1,040,666 03	$ 465,971 98
Amount set aside out of earnings for permanent improvements	.....	.....	.....
Funded debt per mile of road*	$ 36,779 68	$ 36,779 68	$ 36,779 68
Capital stock per mile of road*	7,777 80	7,777 80	7,777 80
Total capitalization per mile of road*	44,557 48	44,557 48	44,557 48

*The miles of road operated include mileage of leasehold, Princeton to Gracey, 20.56 miles. The miles of road covered by funded debt and capital stock were 1,285.71 on June 30, 1904, June 30, 1905, and December 31, 1905, and do not contain the 20.56 miles of leasehold.

IN THE

UNITED STATES CIRCUIT COURT,

Eastern District of Louisiana.

INTERSTATE COMMERCE COMMISSION

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In Equity. No. 13346.

It is agreed that the within statement may be read in evidence in said cause as proved. Testimony to establish correctness of same being hereby waived. February 10, 1906.

T. M. MILLER,

SIDNEY F. ANDREWS,

Solicitor for Defendant I. C. R. R. Co.

Statement of Amount Expended by the Illinois Central Railroad Company on its Lines of Railroad, Including the Lines of Railroad Belonging to the Chicago, St. Louis & New Orleans Railroad Company for Permanent Improvements, Showing the Amount Charged to Capital Account, Amount Not Capitalized and the Total Amount Expended to June 30, 1905.

	Illinois Central Railroad		Chicago, St. Louis & New Orleans Railroad	Total
	Lines North of Cairo	Lines South of Cairo, Excluding Chicago, St. Louis & New Orleans Railroad		
Capitalized	$119,071,573 36	$ 2,177,637 90	$ 70,283,327 41	$ 191,532,538 67
Not capitalized	33,346,919 36	.....	715,243 49	34,062,162 85
Total	$152,418,492 72	$ 2,177,637 90	$ 70,998,570 90	$ 225,594,701 52

Chicago, February 14, 1905.

IN THE

UNITED STATES CIRCUIT COURT,

Eastern District of Louisiana.

INTERSTATE COMMERCE COMMISSION

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In Equity. No. 13346.

It is agreed that the within statement may be read in evidence in said cause as proved. Testimony to establish correctness of same being hereby waived.

T. M. MILLER,
Solicitor for Complainants.
SIDNEY F. ANDREWS,
Solicitor for Defendant I. C. R. R. Co.

February 10, 1906.

Statement Showing Advances Made to the Chicago, St. Louis & New Orleans Railroad Company by the Illinois Central Railroad Company for Permanent Improvements put upon that Company's Lines for which the Illinois Central Railroad Company has Not Been Reimbursed, nor has the Chicago, St. Louis & New Orleans Railroad Company Issued any Bonds on Account of Said Improvements.

On the Main Line and Kosciusko Branch and Memphis Division.

Main line	547.79
Kosciusko branch	18.37
Memphis division	100.00
Total	666.16 miles

Total to June 30, 1903	$7,344,186 77	
During year ended June 30, 1904	1,151,276 34	
During year ended June 30, 1905	270,801 33	
During 6 months ended Dec. 31, 1905	246,710 14	$ 9,012,974 58

On the Louisville Division—Formerly C. O. & S. W. Railway (619.55 Miles).

Total to June 30, 1903	$1,037,148 72	
During year ended June 30, 1904	2,662,416 33	
During year ended June 30, 1905	869,864 70	
During 6 months ended Dec. 31, 1905	219,261 84	$ 4,788,691 59
Total advances to Dec. 31, 1905		$13,801,666 17

RECAPITULATION.

On the Whole Line (1,265.71 Miles)

Total to June 30, 1903	$ 8,381,335 49
During year ended June 30, 1904	3,813,692 67
During year ended June 30, 1905	1,140,666 03
During 6 months ended December 31, 1905	465,971 98
Total	$13,801,666 17

Chicago, February 8, 1906.

IN THE

UNITED STATES CIRCUIT COURT,

Eastern District of Louisiana.

INTERSTATE COMMERCE COMMISSION

vs.

ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In Equity. No. 13346.

It is agreed that the within statement may be read in evidence in said cause as proved. Testimony to establish correctness of same being hereby waived.

T. M. MILLER,

Solicitor for Complainants.

SIDNEY F. ANDREWS,

Solicitor for Defendant I. C. R. R. Co.

February 12, 1906.

IN THE

UNITED STATES CIRCUIT COURT,

Eastern District of Louisiana.

INTERSTATE COMMERCE COMMISSION

vs.

ILLINOIS CENTRAL RAILROAD COMPANY.

In Equity. No. 13346.

It is hereby agreed that the following extracts from Poor's Manual, if deemed material, may be read in evidence on the trial of this cause:

EXTRACTS FROM POOR'S MANUAL.

Volume for 1876-77, page 477, showing the balance sheet of the New Orleans, St. Louis & Chicago Railroad Company of June 30, 1875.

"Construction and equipment $32,598,667 07
Capital stock 12,158,650 00
Funded debt ..... 21,391,615 00"

Also the following statement appearing at the bottom of said page:

"The cost of construction and equipment as given in the general balance for 1874 was $34,092,477.38. The capital stock is $14,022,650 and funded debt $25,000,000."

Also that part of page 142 of said Manual for 1882 which shows that on September 30, 1881, the New York Central & Hudson River Railroad Company had then outstanding first mortgage 7 per cent bonds due January 1, 1903, to the amount of $22,465,000.

Also that part of page 139 of said volume which shows that on said date, September 30, 1881, said company's capital stock was $89,428,300 and that on that date it had a surplus of $14,752,-664.69, and that during the year ended September 30, 1881, it had paid dividends of 2 per per cent quarterly, which for the year amounted to $7,138,343.51.

And also that part of page 154 of said Manual for 1885 which shows the amount of said first mortgage 7 per cent bonds of the New York Central & Hudson River Railroad Company outstanding on September 30, 1884, as being $30,000,000.

T. M. MILLER,
Solicitor for Complainants.
SIDNEY F. ANDREWS,
Solicitor for Defendant I. C. R. R. Co.

February 12, 1906.

IN THE

UNITED STATES CIRCUIT COURT,

Eastern District of Louisiana.

INTERSTATE COMMERCE COMMISSION

vs.

ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In Equity. No. 13346.

MARKET VALUE OF UNITED STATES LAND WARRANTS OR SCRIP IN THE YEAR 1850.

It is hereby stipulated and agreed that the taking of the deposition of Fernando Jones, of Chicago, Illinois, is waived, it being conceded that he would testify that in the year 1850 large amounts of United States land warrants and scrip were for sale throughout the Western country, and that on or about the year 1850 large quantities of these same warrants and scrip could be purchased at the rate of 50 cents per acre. It being agreed that the foregoing statement, if deemed material and revelant, may be read in evidence on the hearing of the above entitled cause.

T. M. MILLER,

Solicitor for Complainants.

SIDNEY F. ANDREWS,

Solicitor for Defendant I. C. R. R.

February 12, 1906.

STATEMENT OF GROSS RECEIPTS AND TAXES PAID

YEAR	GROSS RECEIPTS		
	All Illinois Railroads	I. C. R. R. Charter Ln.	Ill. All Ra
1904	$133,092,165	$15,408,086	$117,6
1903	125,039,688	14,666,441	110,3
1902	114,091,543	13,019,512	101,0
1901	107,104,193	11,644,186	95,4
1900	101,750,472	10,891,975	90,8
1899	89,102,914	9,534,617	79,5
1898	87,074,499	9,410,329	77,6
1897	76,796,755	8,622,740	68,1
1896	79,636,446	9,098,321	70,5
1895	73,613,995	8,468,975	65,1
1894	82,038,384	9,717,598	64,3
1893	81,556,452	9,235,666	72,3
1892	79,145,843	8,167,496	70,9
1891	71,039,244	7,442,134	63,5
1890	60,693,745	6,862,150	53,8
1889	60,601,788	6,267,193	54,3
1888	59,844,686	6,016,366	53,8
1887	56,332,694	5,668,200	50,6
1886	54,498,476	5,230,953	49,2
1885	55,964,875	5,309,953	50,6
1884	55,267,828	5,324,449	49,9
1883	57,412,473	5,605,566	51,8
1882	55,141,431	5,575,848	49,5
1881	50,023,804	5,378,078	44,6
1880	47,190,296	4,955,900	42,2
1879	40,973,223	4,613,636	36,3
1878	40,539,980	4,548,455	35,9
1877	39,412,727	4,802,554	34,6
1876	45,054,319	5,226,940	38,8

N ILLINOIS FOR YEARS ENDED JUNE 30, 1876 TO 1904.

ois ds	TAXES PAID: I C. R. R. Charter Ln.	TAXES PAID: Ill. Assessed Railroads	Assessed Railroads, Per Ct. of Gross Receipts	I. C. Charter Line Tax at Same Per Ct. of Gross Receipts as Paid by Assessed Lines	Excess Paid by I.C.R.R.
08	$1,078,566	$4,728,142	4.02	$ 619,405	$459,161
05	1,026,651	4,552,254	4.12	604,257	422,394
64	911,366	4,458,859	4.41	574,160	337,206
65	815,093	4,516,272	4.73	550,770	264,323
81	762,438	4,134,543	4.55	495,585	266,853
51	667,423	4,317,928	5.43	517,730	149,693
79	658,723	3,893,156	5.01	471,457	187,266
01	603,592	3,829,509	5.62	484,598	118,994
84	636,882	3,970,902	5.63	512,235	124,646
75	592,828	3,561,750	5 47	463,253	129,575
79	680,232	3,166,147	4.88	474,219	206,013
05	646,497	3,086,808	4.27	394,363	252,134
63	571,725	2,785,938	3.92	329,166	242,559
14	520,949	2,624,965	4.13	307,360	213,589
39	480,351	2,508,388	4.66	319,556	160,795
48	438,704	2,365,644	4.35	272,623	166,081
02	421,146	2,310,656	4.29	250,102	163,044
14	396,774	1,831,540	3.61	203,522	193,252
43	366,167	1,955,776	3.97	207,669	158,498
30	371,697	1,755,533	3.46	183,724	187,973
14	372,711	1,701,203	3.42	182,096	190,615
05	392,390	1,400,215	2.72	152,471	239,919
77	390,309	1,245,668	2.51	139,954	250,355
04	376,466	1,051,638	2.35	126,385	250,081
35	346,913	1,239,122	2.93	145,208	201,705
99	322,955	1,901,144	5.23	241,293	81,662
53	318,392	1,633,661	4 54	206,500	111,892
92	336,179	1,331,713	3.85	184,893	151,281
31	365,886	1,679,945	4.33	210,802	155,084

IN THE

UNITED STATES CIRCUIT COURT,

Eastern District of Louisiana.

INTERSTATE COMMERCE COMMISSION

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In Equity. No. 13346.

It is agreed that the within statement, subject to exception for relevancy and materiality, shall be deemed and treated as proved for the purpose of this cause, and if deemed material and relevant may be read upon the hearing of said cause.

T. M. MILLER,
Solicitor for Complainant.

SIDNEY F. ANDREWS,
Solicitor for Defendant I. C. R. R. Co.

February 10, 1906.

1419 *Answers to Questions in the Case of the Central Yellow Pine Association versus Illinois Central Railroad et al, to T. F. Steele, at Nashville, Tenn., on February 9th, Answers not Given at the Time.*

Filed April 19, 1906.

2 Question. "You filed with your testimony before the Commission Exhibit No. 2, which was a statement showing by months, January to October, inclusive, 1902 and 1903, shipments of lumber via the N. O. & N. E. R. R. and A. & V. Ry., from Mississippi and Eastern Louisiana points to points on and north of the Ohio River, including points East of the Mississippi River and West of the Buffalo-Pittsburg line.

"Have you for the purpose of comparing the movement to the same territory of destination, caused to be correctly compiled a statement showing the movement via the N. O. & N. E. and A. & V. Rys., during the years 1902, 1903, 1904 and 1905? If so please file said statement as Exhibit No. 1 to your testimony, and state briefly what it shows."

2 Answer. From	N. O. & N. E. R. R.	1902.....	12443
"	"	1903.....	12428
"	"	1904.....	9910
"	"	1905.....	12987
"	A. & V. Ry.	1902.....	1706
"	"	1903.....	1329
"	"	1904.....	1074
"	"	1905.....	1063

12 Question. "State whether or not the prices of yellow pine lumber used by the N. O. & N. E. R. R. have decreased or increased since 1903, and if so, by what per cent?"

12 Answer. I attach exhibit marked "AA" showing the prices of yellow pine lumber paid by the N. O. & N. E. R. R. during May, 1904, and the prices paid at the present time, showing average increase of 50.6% in present prices as compared with May, 1904.

13. Question. "What increase, if any, has there been in the prices of materials used by the N. O. & N. E. R. R., other than lumber, and in wages paid to employés since February 1st, 1904?"

13 Answer. The increase in the price of coal since February, 1904, is 6%. The prices of other material vary but slightly. Wages advanced are as follows:

Trackmen	10 to 15%
Through Freight Conductors.....	8%
Wood Workers in shops.....	8%
Painters	4%
Cleaners	10%
Laborers	14%

New Orleans, La.
February 24th, 1906.
(Signed) T. F. STEELE.

1420 EXHIBIT AA. TO T. F. STEELE.

Prices Paid for Lumber.

	Feb. 1904	Feb. 1906
5 x 8 x 16	11.50	16.00
6 x 8 x 9	11.00	15.00
2 x 6 x 16	11.50	15.00
8 x 16 x 25	14.50	22.00
1 x 6 x 16	10.00	18.50
12 x 12 x 14	11.50	20.00
Switch Ties	10.00	14.00
Average	$11.43	$17.21
Average Increase	$5.78 per 1000 feet.	
Percentage of Increase	50.6%	

1421 *Printed Testimony Taken at New Orleans for Complainant.*

Filed April 30, 1906.

United States Circuit Court, Eastern District of Louisiana. In Equity.

No. 13346.

INTERSTATE COMMERCE COMMISSION.
versus
ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

1422 United States Circuit Court, Eastern District of Louisiana. In Equity.

No. 13346.

INTERSTATE COMMERCE COMMISSION
versus
ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

Testimony taken in behalf of complainant at the office of T. M. Miller, Esq., 824 Common Street, New Orleans, La., by consent, before Charles F. Fletchinger, Esq., Notary Public, on Tuesday, March 27th, 1906, at ten o'clock A. M.

Appearances:

W. W. Howe, Esq., U. S. District Attorney.
T. M. Miller, Esq., Special Assistant U. S. District Attorney.
Marcellus Green, Esq., of Counsel.
For Complainant: Ed. Baxter, Esq.
For Defendants:

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1424 T. J. STEWART, produced, sworn and examined as witness for complainant, gave testimony as follows:

Direct examination.

By Mr. MILLER:

Q. Mr. Stewart, where do you reside?

A. In Harrison County, Mississippi; Mississippi City.

Q. How long have you lived there?

A. I have lived there about thirty-three years.

Q. Were you receiver, under appointment of the Circuit Court of the United States for the Southern District of Mississippi, in a certain proceeding against the Gulf and Ship Island Railroad some years ago?

A. Yes, sir.

Q. How long did you occupy that position of receiver?

A. I think it was about two years.

Q. Colonel Stewart, while you were receiver of the Gulf and Ship Island Railroad Company, was any portion of its railroad constructed?

A. Yes, sir; there was about twenty (20) miles that had been constructed three or four years before, I think.

Q. And then during your receivership was any part of it constructed?

A. That part was all taken up and rebuilt, bridges and all of the culverts.

Q. While you were receiver?

A. Yes, sir. That is, it was done under contract, when the entire road was being built.

1425 Q. When you speak of the entire road, you mean between what points?

A. Gulfport and Hattiesburg.

Q. Do you know the distance between Gulfport and Hattiesburg?

A. Seventy or seventy-one miles. I can't remember.

Q. While you were receiver, do you know whether you made a contract, as receiver, with the Bradford Construction Company to complete and equip any portion of that line?

A. Yes, sir.

Q. What was the portion.

A. They to build from Gulfport to Hattiesburg.

Q. Have you a copy of that contract?

A. No, sir; I have not; I think it was filed in the Court.

Q. I want to say that up to date we have not been able to get the record. The clerk is looking for it. What was the contract, do you remember? What did it call for?

A. They were to build the road, rebuild the old road which was in a very dilapidated condition. The bridges were down. They were to rebuild the old road and complete it on to Hattiesburg for six hundred thousand ($600,000.00) dollars. I think the contract called for two locomotives and two or three passenger coaches and some box cars and flat cars. I don't remember exactly the number.

Q. Did that contemplate switches and side tracks?

A. Yes, sir; switches, side tracks and depots.

Q. What character of road was to be built?

A. What character of road the contract called for?

1426 Q. Yes.

A. A very good road, sir. I think it was about eleven feet crown. The road originally had been graded to Hattiesburg, but of course much of the grade had been washed off, and there were no bridges at all. The grade had been very much washed, requiring much work on the grade and the cuts, many of them had filled.

Q. Do you know whether the grading had extended all the way to Hattiesburg?

A. Yes, sir; it had gone all the way to Hattiesburg.

Q. Well, was that work finished under your jurisdiction, while you were receiver?

A. It was almost completed. I don't think there was more than half a mile uncompleted; it was almost entirely all complete.

Q. Do you recall how it was paid for?

A. It was paid for in receiver's certificates, six hundred thousand dollars ($600,000.00) in receiver's certificates.

Q. Do you remember when the Gulf and Ship Island Railroad itself took possession?

A. Sir?

Q. Do you remember when the Gulf and Ship Island Railroad itself took possession?

A. I think the first mortgage bond men took possession of the road.

Q. Was that Ham?

A. No, sir; I think there was some compromise made between the Bradford Construction Company and the first mortgage holders. I do not know their arrangement, because it was a private affair. The matter was taken out of court and they arranged the affairs.

1427 Q. Was the contractor to furnish rails, ties and the other things you spoke of, locomotives, etc.?

A. Yes, sir.

Q. Did you go over the work while it was being done?

A. Yes, sir.

Q. And you say it was in bad condition?

A. It was washed out a great deal. The road, you know, prior

to being completed—the fills and cuts—not having been used for several years, were washed in different places.

Q. Did you make an estimate at that time of what it would cost to build it, if you had the money to do that work?

A. I did not make an estimate myself, because I was rather green at that sort of business. I did not know anything about estimating railroads.

Q. Did you know of anything unfavorable to the building of railroads, from an engineering point of view, along that line? What is the topography of the country?

A. Flat, I think, until you get back about six miles, and then it is hilly from there *there* until you get near Hattiesburg, when it is rather flat again.

Q. You speak of hills. Do you mean large hills or rolling country?

A. It is rolling country. No tremendous hills, but rather rolling country. Many of the hills in the line of the road seem to have been skipped. The road is quite crooked and runs around some of the hills.

Q. They do—they do not go through the hills always?

A. Not always. They have some pretty good cuts though.

1428 Q. Have you ever been over the line of the railroad between Maxie and Columbia?

A. No, sir.

Q. You are not familiar with that at all?

A. No, sir.

Q. And between Hattiesburg and Jackson—the extension?

A. No, sir.

Q. Have you made any effort to find the original contract that you had?

A. Yes, sir. I have looked for it among my papers, but I think it has been turned into the court—the contract. I found the order from the court for me to turn it into the court.

By Mr. MILLER:

Counsel for complainant states that he has corresponded with the clerk of the United States Circuit Court for the Southern District of Mississippi, in an effort to get the record of that case and the contract referred to, but that the clerk reports that he has so far been unable to find it, but that he is continuing the search. If the record can be found and that contract appears, it will be produced; otherwise its loss will be proven by the clerk of court, unless a certificate will be accepted.

(Certificate of Clerk in Appendix.)

By Mr. BAXTER:

The statement of counsel will be accepted; counsel for defendants has no objection to the certificate of the clerk of the court, if he cannot find the record, in lieu of his deposition.

1429 Cross-examination.

By Mr. BAXTER:

Q. How many miles of the Gulf and Ship Island Railroad was in actual operation at the time you entered upon your receivership?

A. I don't remember whether they were operating—yes, I think they were—twenty miles, I think, operated once in a while, and after I became receiver, I allowed a man to operate the road for a short space of time, but the ties being so rotten, I was afraid he would injure the rails, so I stopped him.

Q. Who originally built the Gulf and Ship Island Railroad between Gulfport and Hattiesburg?

A. The Gulf and Ship Island Railroad Company.

Q. Was it for the default of that Company that you were appointed receiver?

A. Yes, sir; it was. The road went right down and it remained that way two or three years, and then the Board of Supervisors of Harrison County, that county having a lot of the stock of the Gulf and Ship Island Railroad Company, they forced it into court and I was appointed receiver.

Q. Do you know whether it was built by the Gulf and Ship Island Railroad Company direct, or through the means of some contracting company?

A. No, sir; I think it was built with the convicts from the penitentiary, and the latter part of it—I think some five or six miles of it—was built, I think, by contract. I will not say that positively, because that was before I was there.

1430 Redirect examination.

By Mr. MILLER:

Q. The persons in charge of the Gulf and Ship Island Railroad Company before you became receiver had a lease of the convicts of the Mississippi penitentiary?

A. Yes, sir.

Q. Hamilton and Hoskins?

A. Yes, sir; or Hamilton & Hoskins Company.

Q. Unless the Gulf and Ship Island Company itself had the lease?

A. Yes, sir.

Q. Did the convicts, under that lease, do that grading which you speak of?

A. Yes, sir.

Q. Do you recall what consideration was paid by the lessee or lessees of the convicts for their labor?

A. No, sir.

Q. Do you remember what amount of bonds were turned over to the State at the time of the final settlement of the affairs of the Gulf and Ship Island Railroad?

A. No, sir.

NOTE.—Signature waived.

W. W. BUTTERFIELD, produced, sworn and examined as witness for the complainant, testified as follows:

Direct examination.

By Mr. GREEN:

Q. Have you already testified in this case before the Interstate Commerce Commission?

A. I have.

1431 Q. What connection have you with the Butterfield Lumber Company?

A. I am secretary.

Q. Have you caused to be prepared a statement showing the manufacturing cost of lumber for 1903, 1904 and 1905, and the net average selling price of lumber for 1904 and 1905, of the Butterfield Lumber Company?

A. I have.

Q. State whether or not that statement is correct.

A. So far as my knowledge and my ability of securing same from our books goes, it is.

Q. Will you kindly file it as Butterfield Exhibit 1, to your testimony—the statement so prepared?

A. I will and I do.

(Document is filed as "Butterfield Exhibit 1.")

Q. I note there is no selling price for the year 1903 upon the exhibit, "Butterfield Exhibit 1," just filed to your testimony. Why was this omitted?

A. On December 17th, I believe, we had a fire in the office—we lost the office and all our records, and I was unable to arrive at any selling price on that account—because of the loss of the records. I was unable to arrive at any selling price on that account.

Q. I notice that in the average selling price of 1905 it is put at $15.08 a thousand. State what was the character of lumber, in the main, that was covered by that selling price, and make any explanation in respect thereto that you desire?

A. In 1905 we had a very large percentage of high grade flooring and ceiling for the New England and Boston market, which

1432 costs much more to manufacture than lower grades of lumber. Our proportion for that year was practically one-third of our output of that class of lumber, which is a much larger percentage than on our lower grade. That would bring the average of cost up higher on that account—the average selling price and the net selling price.

Q. What effect does the proportion of this higher grade of lumber have in respect to increasing or diminishing the cost of production?

A. It increases the cost of production greatly.

Cross-examination.

By Mr. BAXTER:

Q. Mr. Butterfield, please explain what you mean by the average selling price?

A. That is what our sales average at the mill, after deducting the freight charges, and expenses attendant upon the sale—the price we receive for the lumber F. O. B. at the mill.

Q. Is it arrived at by getting the total amount of sales and dividing by the total amount of feet sold?

A. By taking the delivery price, less the freight and commissions for selling that per car. The cars are averaged up at the end of the year. We have monthly statements, and that combination of monthly statements makes up the yearly average. May I refer to your previous question, as to whether my average is based on the number of feet?

Q. Yes, sir.

A. It was.

(Signature Waived.)

1433 SILAS W. GARDINER produced, sworn and examined as a witness on behalf of complainant, testified as follows:

Direct examination.

By Mr. GREEN:

Q. What connection, if any, have you with Eastman, Gardiner & Company, of Laurel, Mississippi?

A. Treasurer.

Q. How long have you been its treasurer?

A. Since 1891, I think.

Q. Have you caused to be prepared a statement of the average prices received per thousand feet for the lumber production of Eastman, Gardiner & Company for 1904 and 1905?

A. I have.

Q. Also the cost of manufacturing the lumber, including stumpage, for the same period? Did you also have that statement correctly prepared?

A. To the best of my knowledge, it is—it is taken from the books of the company.

Q. Will you kindly file as Gardiner Exhibit 1 to your testimony and attach it thereto, the statement so prepared?

A. I will and I do.

(Said statement is filed and marked "Gardiner Exhibit 1" for identification.)

Q. On what basis is stumpage charged in that account?

A. For 1904 it is $2.50, and for 1905 it is $3.00.

Q. State whether or not the respective sums of $2.50 and $3.00 for 1904 and 1905 respectively correctly state the value of stumpage at those dates?

1434 A. I think those figures very closely represent the value of stumpage during those two years.

Q. Do you know how many cars of lumber Eastman, Gardiner & Company shipped during the years 1904 and 1905 north of the Ohio River?

A. I do not. I have not the statement with me. We made up such a statement.

Q. About how many?

A. Well, really, I have not seen the footing in so long, that I have forgotten.

Q. What would you say as to Omaha, Nebraska, as being a fair illustration as a point for ascertaining the per ton per mile of lumber shipments from this territory?

A. I would say that such shipments bear a considerably less charge per ton per mile than into central territory north.

Q. To what extent were shipments made by Eastman Gardiner & Company during 1904 and 1905, to Omaha, Nebraska?

A. I could not tell the percentage; only a small amount as compared with them all—very small.

By Mr. MILLER:

Q. I believe Eastman, Gardiner & Company sold the portion—I believe what is called the Laurel Branch of the Gulf and Ship Island Railroad Company—to that company?

A. Yes, sir.

Q. I believe the contrac- is in evidence in this case?

A. I am not sure. The deed.

Q. I would like to ask you what the price paid for it was?

A. They paid as $8,000 a mile.

1435 Q. How many miles were constructed?

A. Well. I believe at the time we sold there were only about fourteen (14) miles constructed, but the contract called for about twenty (20) miles, which we completed. The price was one hundred and sixty thousand dollars ($160,000.00).

Q. The price was $160,066.00?

A. Yes, sir.

Q. How does this road, constructed by your company, compare with the rest of the branch—you sold a portion of the branch; how does that compare with the rest of the branch?

A. Fully as good; we think better.

Q. Is it standard gauge?

A. Yes, sir.

Q. Modern rails, or second hand rails?

A. Second hand rails, purchased of the New Orleans and Northeastern Railroad.

Q. How are the rails on the balance of the line?

A. I don't remember whether they put in any new rails.

Q. Was it superior to the average logging road—what you sold at that time?

A. Very much.

Q. What was the weight of the rail on the line you sold to the Gulf and Ship Island Railroad?

A. I could not say positively whether it is 56 or 60, but I think a 60 pound rail.

Q. Do you know whether the balance of the rail between the point where you left off and the end of the Laurel Branch, on the

main line of the Gulf and Ship Island Line is the same or of superior kind?

A. I do not.

1436 Q. How far is it from Laurel to the terminus of the Laurel Branch on the main line?

A. About forty-two miles.

Q. Then the Gulf and Ship Island itself built twenty-one miles, to complete it?

A. I think they built twenty-two miles.

Q. Do you know whether there is any heavy grading on that line?

A. No, not exceedingly heavy grades.

Q. Do you know what it cost you originally to build that twenty miles which you sold?

A. It cost us about six thousand dollars ($6,000) a mile.

Q. Including rails and ties?

A. Yes, sir.

Q. What about the equipment you put on it, if any?

A. We did not sell any of the equipment.

Cross-examination.

By Mr. BAXTER:

Q. Mr. Gardiner, was the eight thousand dollars ($8,000.00) a mile that you received for the road the total consideration, or what, if any, other consideration did you get?

A. We sold to the Ship Island—Gulf and Ship Island Railroad Company—this twenty miles of road, and reserved the use of it for our logging business.

Q. Do you still exercise that right of shipping over that road?

A. We do.

Q. Do you move over that road all of the logs you manufacture—all lumber you manufacture?

A. All of the logs we do.

1437 Q. You built it originally for that purpose, did you not?

A. We did.

Q. So you still get all of the use of the road that you ever did, and got eight thousand dollars ($8,000.00) a mile in addition?

A. We did.

Redirect examination.

By Mr. MILLER:

Q. Did or not your company assume any obligation connected with that reservation in respect to the shipment of your manufactured product over the Gulf and Ship Island Railroad?

A. It was part of the contract that we should give the Gulf and Ship Island Railroad the right of preference in all lumber shipments and ship all of our lumber over that line where the market was tributary, whenever that company supplied cars, and whenever the rate of that route was as low as other rates in contiguous territory.

Q. Where the freight rates were equal to common points, you were bound to give the shipments to that road under your contract?

A. We were.
Q. As a matter of fact, over what line does your lumber usually go now?
A. Over the Gulf and Ship Island—the largest portion of it.
Q. In connection with the Illinois Central?
A. In connection with the Illinois Central.

By Mr. BAXTER:

Q. Didn't your company reserve the right not only to use the part of the road that you sold to the Gulf and Ship Island Rail-
1438 road Company, but also the right to use the entire branch, making forty-two miles of road, when you sold only twenty-one miles?
A. We did, by furnishing the right of way for the additional twenty-two (22) miles.

By Mr. MILLER:

Q. Did you furnish the right of way?
A. We furnished the additional right of way.
Q. That use was confined to logs on your part?
A. Logs and supplies.
Q. For the camp?
A. For our business.
Q. You don't mean to say that you could send your trains to Saratoga and send in supplies from there to Laurel?
A. If we were logging as far out as Saratoga, we would have the right to send in logs and camp supplies and help.
Q. I don't understand you could run your trains to carry supplies to Laurel over that entire road continually?
A. No.

(Signature Waived.)

1439 C. W. ROBINSON, produced, sworn and examined as a witness on behalf of complainant, testified as follows:

Direct examination.

By Mr. MILLER:

Q. Mr. Robinson, I will ask you, in the first place, whether you have already testified in the suit of the Central Yellow Pine Association *vs.* Illinois Central Railroad Company, and other railroads, before the Interstate Commerce Commission?
A. I have.
Q. Mr. Robinson, do you know whether or not the Illinois Central Railroad Company issued a tariff, effective on March 27th, 1905, entitled "Tariff B 12013, I. C. C. 3153," on cross ties from the territory of the Central Yellow Pine Association to points beyond the Ohio River?
A. I do.
Q. What was the rate and how long was it in effect?
A. The rate applied to sawed and planed cross ties and was twenty-six cents per tie over the main line of the Illinois Central between

Luzon, Louisiana, and Pearl, Mississippi, covering substantially the territory through which the Illinois Central passes and on which long leaf yellow pine grows. By this tariff agents were instructed to bill the ties as weighing one hundred and sixty-five (165) pounds per tie, which would make the rate to Chicago about seventeen and a half (17½) cents per hundred pounds, as against twenty-six (26) cents per hundred pounds, the regular tariff rate prior to the issuance of this tariff.

Q. Well, was that the specific tariff per tie, or instructions as to the weight at which they were to be put?

1440 A. The tariff called for a rate of twenty-six (26) cents per tie, but instructed that the tie should be billed as weighing 165 pounds per tie.

Q. As a matter of fact, what is the average weight of cross ties sawed and planed—yellow pine cross ties—if you know?

A. The weight, of course, varies with the size of the ties. Myself and some other lumber manufacturers either bid or figured on bidding on a particular lot of ties which it was understood this particular tariff was to cover, and we estimated their weight at one hundred and forty (140) pounds per tie.

Q. Did you make any experiments to ascertain the weight of the ties?

A. The manufacturer generally estimates that the weight of such ties and timbers shipped green is four and a half (4½) pounds per foot board measure; figuring on this estimate the ties weigh 140 pounds per tie.

Q. What contract was that you spoke of Mr. Robinson, on which yourself and other manufacturers bid or were figuring on bidding?

A. It covered about four hundred (400) carloads for the Southside Elevated Railway Company, Chicago.

Q. Well, when you figured on that contract, Mr. Robinson, was this tariff that you speak of now in effect or had notice ever been given out?

A. It was not in effect and notice had not been given.

Q. On what rate were you figuring?

A. On the blanket or standard rate of 26 cents per one hundred pounds.

Q. Do you know whether anybody in the territory of which you have spoken got that contract or any part of it?

1441 A. My understanding is that the ties were furnished from the line of the Illinois Central road between Luzon, Louisiana, and Pearl, Mississippi.

Q. By whom, do you know?

A. I do not.

Q. At the time the ties were sent forward, do you know whether or not this tariff of which you have spoken had become effective?

A. This tariff was superseded by another tariff almost immediately, to-wit: Tariff C 12013 I. C. C. 3171. The new tariff named the same rate per tie, but stated that the ties should be billed as weighing one hundred and thirty (130) pounds instead of 165 pounds.

Q. What would that have made the rate per hundred pounds to Chicago?

A. Twenty cents.

Q. Twenty cents?

A. Yes, sir; 20 cents a hundred.

Q. In what respect do cross ties—sawed cross ties—differ from other lumber, if any?

A. In no respect; as compared with other timbers and green material, the word "cross ties" being a name applied to such material just as the term car sills, car siding, etc., would be applied to green lumber that enters into the construction of cars.

Q. Did you have in your possession a copy of the tariff that you first spoke of and of the other tariff that superseded it?

A. I did.

Q. What did you do with them?

A. I had them with me in Washington, in February, 1905, and that was the last time I remember seeing them. It is quite
1442 possible that they were filed with the Senate Committee on Interstate and Foreign Commerce.

Q. February, 1905?

A. Yes, sir; I think in February, 1905.

Q. The date when the tariff became effective was March 22nd, 1905, in one case, according to this memorandum?

A. I don't know what became of the tariff. I made search among my papers but could not locate them.

Q. Where did you get them?

Q. From the Illinois Central people.

Q. Well, is the second one of those tariffs you have mentioned still in force?

A. I don't know whether either of them are—whether the second is in force or not.

Q. Did you actually make a bid on that contract, Mr. Robinson?

A. My recollection is that we did bid on a part of the lumber and my recollection is that all bids had been rejected, because they were too high.

By Mr. MILLER:

Counsel for complainant states that he will endeavor to procure from the Interstate Commerce Commission and file in evidence in this cause certified copies of the two tariffs spoken of by the witness, unless same can be obtained from the Illinois Central Company.

No cross-examination.

(Signature Waived.)

1443 At this point the hearing of testimony was adjourned, it being the hour of twelve o'clock noon, until the hour of two o'clock p. m. of the same day, at the same place.

Resumption.

According to above adjournment, the proceeding was resumed at the same place, at 2 o'clock p. m. on the same day, same counsel in attendance for all parties.

NATHANIEL G. SCOTT, produced, sworn and examined as a witness on behalf of the complainant, testified as follows:

Direct examination.

By Mr. MILLER:

Q. What is your business?

A. Contracting and railroading.

Q. Will you please state whether or not you had a contract with the Gulf and Ship Island Railroad Company or with the Bradford Construction Company for the construction of any part of the railroad now owned by the Gulf & Ship Island Railroad Company between Laurel and Saratoga, Mississippi?

A. Yes, sir; I had the contract with the Bradford Construction Company.

Q. It had the contract for construction from the railroad?

A. Yes, sir.

1444 Q. Mr. Scott, have you that contract now, and, if not, where is it? Is this your contract? (showing witness a document in counsel's hand.)

A. That is the contract and the bill for the work, but in that bill is included some extra work on a wash-out. I don't remember how much, but I think it states how much that amounts to.

Q. Have you any objection to our using this, if it is returned to you afterwards?

A. No, sir.

By Mr. MILLER:

Counsel for complainant produce and offer in evidence the contract identified by the witness, marked "Scott 1."

By the WITNESS:

It has been so long that I don't know if I could state how much of it was for the wash-out, but I think the bill shows.

Q. What is this called "force account" on this bill?

A. It covers everything on the bill except the contract proper—contract price.

Q. What was the general character of the country through which that road was built, Mr. Scott?

A. Slightly broken, though the line we were building on was a pretty level line—a low line rather.

Q. Did you begin where the road built by the Eastman—Gardiner people ended?

A. Yes, sir.

Q. What were you to do under the contract?

1445 A. I was to do the grading, the trestle work, pile driving, which is included in the trestle work, and lay the track. They were to furnish me with the ties and rails promptly.

Q. What was the distance—what was the length of road to be constructed by you?

A. Twenty miles, I think.

Q. I believe you did not complete it?

A. I completed all except possibly one or two trestles, and perhaps two or three miles of track.

Q. Do you remember, Mr. Scott, about what your contract called for in dollars and cents, for the building of the road and the laying of the track?

A. Well, the contract did not specify the total amount—it just itemized it—so much a foot for building trestles and driving piles, and so much a mile for track laying, and so much a cubic yard for grading—road bed measurements; I think 11 cents road bed measurement; that means both ways where you have to cut and take the cut out and make a fill out of it; you get paid for two yards for every yard that comes out of the cut.

Q. Mr. Scott, do you remember about what the aggregate amount was or would have been under that contract, about, for the completion of the entire twenty miles, for your share of the work?

A. In that is included some force account work too. I don't know just how much, but probably $700 or $800.

Q. By the way, does that account show how much was paid you for your work? How much paid by the Bradstreet Construction Company?

A. Yes, sir; it shows more than was paid me, but that shows what I should have received.

1446 Q. Your bill, Mr. Scott, August 31st, 1899—is this the entire bill?

A. Let me see, General, please (witness looks at document). Sixty-four thousand, three hundred and thirty-four dollars and forty-four cents ($64,334.44). Here is 40 gallons of coal tar for Leaf River Bridge, billed for extra work, filling an embankment in January, $229.17. That is extra work or force work—force account. Here is March 30th, force account for feed, $179.69; also force account at Leaf River April and May, $487.57. That was for rebuilding the road after I had completed it and they had received it. I had laid the track and they were operating it temporarily. Station 2020 to Saratoga, $432.77.

Q. What was that for?

A. For force account. That is for putting in where it had washed out. Then here is timber furnished Leaf River cribbing, $124.69; peeling bills O. K.'d by P. King, their engineer—resident engineer, $5.75; cribbing and filling washing-out in June, $153.15.

Q. Well, the items that you have mentioned——

A. That is force account.

Q. Outside of the contract?

A. Yes, sir.

Q. The total amount of your bill was how much, Mr. Scott?

A. The total amount was sixty-four thousand three hundred and thirty-seven dollars and forty-four cents ($64,337.44).

Q. On which you had been paid at that time how much?

A. Sir?

1447 Q. On which you had been paid at that time how much? The contract shows that you had been paid at that time how much?

A. It does not show.

Q. I thought it did—you have a balance due?

A. $35,414.15.

Q. I believe you settled that balance for ten thousand dollars ($10,000)? The balance that they owed you?

A. Yes, sir.

Q. Who paid the bill—who paid that? The Gulf & Ship Island Railroad?

A. Captain Jones.

Q. Did he pay it for the Gulf & Ship Island Railroad or for the Bradford Construction Company?

A. I don't know; I suppose for the Bradford Construction Company.

Q. Your contract was with the Bradford Construction Company?

A. Yes, sir.

Q. Mr. Scott, can you state to me how much your bill would have been—about how much more—if you had completed the road all the way to Saratoga?

A. It would probably have been three or four thousand dollars more. The grading was all done. There were only a couple of miles of track to lay and a couple of small bridges.

Q. What kind of iron was laid on that road?

A. It was relay rails—second hand rail.

Q. Gotten from the Northeastern, was it not?

A. I believe they got some from the North Eastern Road.

Q. What weight rail, do you remember?

A. Forty, I think, and sixty pounds.

1448 Q. About 40 and 60?

A. Yes, sir.

Q. Was it uniform?

A. No, sir; it was not. Not all the same size.

Q. Did they use the 40 pound rail for side tracks?

A. On the main track—where I commenced first. The first rail I laid was 40 pound rails I believe. No, it was the last rail I laid—Saratoga rail. The first rail I laid was on the Laurel end and I think came from the Northeastern road.

Q. Do you remember the weight of them?

A. I think 60 pounds.

Q. Well, Mr. Scott, were you interested in a contract for the building of any part of the Columbia and Lumberton branch?

A. Yes, sir.

Q. You were in partnership with whom in this matter?

A. I. C. Alexander.

Q. Do you know how many miles of that road were built by Alexander or under that contract?

A. No, I don't remember now. From Lumberton to Columbia?

Q. Yes, sir. Do you recollect what amount per mile was paid under the Alexander contract for the work, or about?

A. No, sir, I don't remember. I had that item once, but I don't know what I did with it.

Q. Do you remember whether it was any more expensive than the Laurel branch?

A. Yes, sir.

Q. More expensive?

1449 A. Yes, sir. More bridges and bigger bridges and trestles and a good deal heavier work. It ran through a more broken country. We took up the branch road commencing at Maxie, and carried it on to Columbia. I believe the Columbia Branch is a continuation of the Maxie and Lumberton Branch.

Q. Had any part of the railroad been built west of Lumberton?

A. There might have been. I believe there was a half mile or about a half mile outside of Lumberton—that is, from Hinton's mill.

Q. Do you remember the length of the road built under the Alexander contract between Lumberton and Columbia?

A. No, I don't. I went up there and started the work and then subbed the grading all out to George M. Andrews.

Q. At what price?

A. Eleven cents.

Q. And your contract was for how much?

A. Fifteen cents.

Q. Can you recall the gross sum paid for the work done under the Alexander contract—in the neighborhood of it?

A. No, sir; I don't remember now.

Q. Was it over a hundred thousand dollars ($100,000)? Can you remember that?

A. I think it was.

Q. Can you remember whether it was much more than a hundred thousand dollars?

A. Well, not positively, but I have an idea it would probably run about one hundred and forty thousand dollars ($140,000).

1450 Q. As high as that?

A. I am not sure about that because at the wind up I never asked for any of the details. I knew about what was there at that time—the quantities. We don't pay so much attention to the miles as to the stations; that was what we looked to.

Q. What was the length of your station?

A. One hundred feet.

Q. Settlement under that contract was made with your partner, Mr. Alexander?

A. Yes, sir.

Q. You can't recall now what your share of the profits was?

A. Well, it was not very much—my share of the profits.

Q. Well, according to your best recollection then, you say the

amount paid under that contract was about one hundred and forty thousand dollars?

A. Well, that is my idea. Of course, I don't say that I am correct.

Q. Well, did the contract require the same sort of work as the Laurel Branch contract? That is to say, the grading and filling and track laying?

A. Yes, sir; about the same specifications.

Q. And you say you don't recollect the length of the line?

A. No, sir; I do not.

Q. Mr. Scott, are you familiar with the line of that road between Hattiesburg and Jackson, Mississippi, or any part of it?

A. No, sir; I was not over it except to Saratoga.

Q. Have you been over the line between Saratoga and Hattiesburg?

1451 A. Yes, sir.

Q. What is the character of the country there—is that road built in the flat?

A. Yes, sir; it is flat country.

Q. Do you know of any reason why it should cost more to build a railroad between Saratoga and Hattiesburg than between Laurel and Saratoga?

A. Well, yes, sir, if they want to get above high water. A railroad can't run very well in the water. If they want to get above high water, I should think—when I was over there they had a surface grade and the road was covered with water and the track was washed away and logs lying across the track. A railroad can't operate like that. So I would think it would be necessary for them to raise the fills in order to be safe probably five or six feet and perhaps more than that in places. I think about an average of five or six feet from Saratoga, to make it safe.

Q. How much more would that cost?

A. How much?

Q. Yes?

A. A great deal more.

Q. Give an idea? Twice as much?

A. Let me see. I guess it could cost ten times as much and more perhaps. When you lay your track first and lay your road bed afterwards, it is very expensive work.

Q. You don't mean to say it would cost anything like thirty thousand dollars a mile for it?

A. I think there are miles where you could not do it for thirty thousand dollars.

Q. How many?

1452 A. I don't know. Some places are very low. I was told the water was three and four feet deep two or three times in one place.

Q. How much of that country is there about, Mr. Scott—how many miles?

A. I don't remember about what the distance is from Hattiesburg up there to Saratoga, but even right there at Saratoga, if they are

above water there, then they have an eight foot fill. I have seen the water three feet over the track.

Q. At that time the road was on the bottom?

A. Yes, sir, or on about a two foot fill.

Q. Do you remember the distance from Saratoga to the high country before you get to Hattiesburg?

A. No, sir; I do not. I think it is down there about by some springs. I don't know how far that is from Hattiesburg.

Q. There are only a few miles of that sort of country? Five or six miles?

A. I think more than that. I don't know, though. It is about thirty or forty miles, I believe, from Hattiesburg to Saratoga. I am not sure about that. That is as well as I can remember.

Q. I am talking about the low country?

A. I think the low country would cover three-fourths of that distance. May be more.

Q. You don't know. You only saw it from the car?

A. I saw it several times. I had my camp at Saratoga and went from there to my home. I was living at Bay St. Louis. At that time the road bed was right down on the surface of the ground.

Q. Don't you know, Mr. Scott, that that road still overflows?

1453 A. No, sir; I don't, because I have not been there in a good while.

Q. It is a matter of notoriety that it does?

A. It may be, but I have been told that they have rebuilt the Laurel branch a couple of times since I got through there.

Q. You don't know that yourself?

A. No, sir.

Q. Nor do you know whether they have arranged the track to any extent in the low ground you spoke of?

A. No, sir. I don't.

Q. How much of the land between Laurel and Saratoga is subject to overflows?

A. I suppose there is about probably seventeen miles out of the twenty that very high water would go over it.

Q. Very high water?

A. Yes, sir; I think that is about the way of it.

Cross-examination.

By Mr. Baxter:

Q. Mr. Scott, I notice in your contract that you stipulate, among other things, for log culverts, $30.41?

A. Yes, sir.

Q. Were all the culverts built—did you build all the culverts with logs?

A. No, sir; a few box culverts were put in. We had no contract price for them; they allowed me something for them—I don't remember what it was.

Q. Do you know the fact that since you worked there, they have,

in many instances, replaced the old log or box culverts with terra cotta or iron pipe culverts?

1454 A. No, sir, I don't know, but I would think they would have had to do something of the kind.

Q. Your contract calls for one Howe truss bridge from the Lee River?

A. Yes, sir.

Q. That was built of wood?

A. Wood and iron.

Q. Do you know the fact that that has been replaced by a steel and iron bridge?

A. No, sir.

Q. You have not been over the road?

A. No, sir.

Q. Under that contract you were not forced to supply the iron?

A. No, sir; only to lay the track, they to furnish the ties, rails and spikes and washers, and everything that went with it.

Q. Do you know whether or not they have in fact raised the track very considerably since you worked on the road?

A. No, sir; I have not been over that line, I don't think, but once or twice since I quit work.

Q. Your contract did not call upon you to furnish any equipment—locomotives or cars or anything of that kind?

A. No, sir.

Q. When you left work was the track ballasted at all?

A. No, sir.

(Signature Waived.)

1455 I. C. ENOCHS, produced, sworn and examined as a witness on behalf of complainant, testified as follows:

Direct examination.

By Mr. GREEN:

Q. You have testified on a former occasion in this suit?

A. I have.

NOTE.

It is agreed by counsel that the preliminary report of the Interstate Commerce Commission on the income accounts of railways in the United States for the year ending June 30th, 1905, prepared by the statistician to the Commission, in printed form, may be used in evidence without a copy thereof being filed in evidence, and each party to give notice to the other of the portions of the report desired to be used in evidence.

By Mr. GREEN:

Counsel for complainant gives notice that it will use in evidence the following portions of said report:

Group 5, pertaining to the Alabama & Vicksburg Railway, and that pertaining to the Cincinnati, New Orleans, Texas & Pacific Railway (page 38), and to the Louisville & Nashville Railroad Company line, south of the Ohio River (page 38), and the Gulf & Ship

Island Railroad (page 38), also the Illinois Central Company line, south of Cairo (page 38), the Southern Railway line west of Virginia and the Carolinas (page 40), the Alabama & Great Southern Railroad (page 40), the Mobile and Ohio Railroad line
1456 south of Cairo (page 40), the New Orleans & Northeastern (page 40).

In Group 6, the Illinois Central Railroad line north of Cairo (page 44), the Southern Railway (page 46), the Mobile & Ohio Railroad line north of Cairo (page 46), the Louisville & Nashville Railroad line north of the Ohio River (page 42), and,

In Group 4, the Southern Railway line in Virginia and the Carolinas (page 36).

By Mr. GREEN:

Q. What have you to say, if anything, in respect to Omaha, Nebraska, as being a proper basis for estimating the per ton per mile on lumber from the Central Yellow Pine Association territory?

A. Omaha, Nebraska, is not a practical representative point to base earnings upon, because there is practically no movement from this territory to Omaha, Nebraska.

Q. To what extent is there a movement of lumber from this territory to Omaha, Nebraska?

A. So far as I have examined the matter, I should say less than one-half of one per cent. of the shipments on the Illinois Central Railroad go to Omaha, Nebraska.

Q. Mr. Compton filed as Exhibit No. 1 to his testimony a statement showing the price per thousand feet of yellow pine lumber prevailing at Montgomery, Alabama. What have you to say to that being a proper basis to predicate prices upon?

A. Montgomery, Alabama, is not a producing point; evidently those prices are retail prices and not manufacturers' prices.

Q. What character of place is Montgomery, Alabama, as a market for lumber?

1456½ [In pencil.]

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1457 A. Well, I assume that the local consumption there is about the same as at other points of like size.

Q. Is it or not a wholesale point, where large shipments of lumber congregate from the Central Yellow Pine Association territory?

A. There are some wholesalers who handle stuff who have offices in Montgomery.

Q. Mr. L. Green has produced Exhibits 1, 2 and 4 and 6 to his testimony, in which he undertakes to set up the prices of the different characters of lumber, as therein set forth. What have you to say to that as being a fair representation of the prices of lumber?

A. I have not examined particularly this Exhibit 1. I see that it states that it takes a 23 cent rate, and presume it is right.

Q. You misunderstand. The point is as to whether the character of items taken, and those only, constitute a fairly fair representative presentation of the subject matter of prices of lumber?

A. Well, it states a number of the grades in which lumber is sold or by which it is sold; it is not conclusive of the entire subject, in that it does not discriminate as to the size and length and difference of values resulting thereupon.

Q. Upon those Exhibits 1, 2, 3, and 4, how many of the items taken are first class, high-grade timber—lumber?

A. My response was as to No. 1. I should, perhaps, before you ask that question, notice the other exhibits. His exhibits No. 6 gives the price of lumber in the Atlanta market, which I assume is the retail price, and not the manufacturer's price, as Atlanta is not a manufacturing point for yellow pine lumber. Exhibit

1458 4 deals with the question of increase in price between February, 1898, and 1906. It fails to make any reference to the percentage of lumber which is obtainable in the process of manufacture, without which differential statement no proper conclusion could be gotten as to the average increase accruing to the manufacturer. For instance, on edge grain flooring, he shows an increase of $14.50 per thousand feet. This grade of lumber will not be found to yield to the manufacturer exceeding, say, two per cent. of the gross product; on No. 2 common boards, he shows an increase of $5.25 per thousand. This is a low grade product, and to get at the general average, consideration would have to be taken as to the difference in grades and values. I notice, further, that he bases his comparison upon the prices of 1898, five years out of period to this controversy. The exhibit No. 2, taken from the American Lumberman, covers the same character of discussion as the last exhibit and shows the advance since February, 1904. Nineteen hundred and four was a year in which values ruled lower than in any period since this controversy was initiated, and what I have said in reference to a former exhibit, applies also to this exhibit.

Q. As I understand, the exhibits 1, 2, 4, and 6, of Mr. L. Green, represent what purport to be the prices at the points of delivery, do they not?

A. That is my understanding of them.

Q. State whether or not the point of delivery is a fair representative of the price to the manufacturer; and if not, why not?

A. The point of delivery—the price obtained at the delivery point, is a composite price governed both by the rate and the manufacturer's price.

Q. Is there any other element in it besides the manufacturer's price and the rate?

1459 A. In the retail trade, there is the manufacturer's price and the rate and the retailer's local cost.

Q. Local cost or profit?

A. Yes, sir.

Q. State whether or not, unless you knew what the several elements constituting the price were, whether you could tell what relation that price bore to the cost of manufacture or manufacturer's price?

A. I could not.

Q. Could anyone?

A. I would not like to speak for the other fellow.

Q. I mean, without knowledge of the elements entering into the price, could you state what relation that price bore to the manufacturer's price?

A. I should say not.

Q. On Exhibit 2 of Mr. L. Green, we find the first item, A edge grain floor; you have stated that that was a very high grade of stuff?

A. One of the highest grades of lumber made in yellow pine.

Q. What have you to say as to the next item A flat grain flooring?

A. It is a product of less value than the other by from $6.00 to $8.00, ordinarily.

Q. What have you to say as to the four-inch board or common flooring? Is it, or not, above the average of value?

A. It is in the neighborhood of the average.

Q. And five-eighth inch A ceiling?

A. Five-eighth inch A ceiling would be above the average.

Q. As I understand you, unless you took the whole product of manufacture, and took the price on all of it, it would be

1460 impractical to determine the ratio of increase of price of manufacture or manufacturer's price, would it not?

A. It would.

Q. Have you caused to be prepared a statement showing the total mill cost, including stumpage, and the average selling price per thousand, of the Pearl River Lumber Company, for the years 1902, 1903, 1904 and 1905?

A. I have.

Q. Is that statement correct?

A. It is.

Q. What does that statement show as to those matters?

A. This statement shows the total mill cost for 1902, including $2.00 per thousand for stumpage, $10.14; the average selling price would be $12.55; the difference between the mill cost and the selling price, $2.10. In 1903, the total mill cost was $10.22, and the average selling price $11.93, stumpage at $2.00, a difference of $1.71 per

thousand. In 1904, the total mill cost, including stumpage at $2.00 per thousand, was $11.03, and the average selling price was $11.68, a difference of sixty-five (65) cents. For 1905 the total mill cost was $11.43, including $2.00 per thousand for stumpage, and the average selling price was $13.69, or a difference of $2.26.

Q. State if you know how many thousand feet of lumber there are in a box car of thirty-six feet in length, and file as Exhibit 1 to your testimony an exhibit showing the different items and the values constituting this estimate?

A. I had made an itemized bill of the lumber actually used in the standard size box cars. The amount of lumber in the car totals 5,282 feet.

1461 Q. Will you file an exhibit showing that?

A. I will and do.

NOTE.

Witness files Exhibit "Enochs Exhibit 1."

Q. Answer the same question in respect to a flat car?

A. I had the same kind of an itemized statement made for an Illinois Central flat car, forty feet in length, or what is known as a forty foot flat car, showing 2326 feet.

Q. Answer the same questions as to the coal cars thirty-six feet long?

A. The same kind of itemized material bill shows the lumber used in an Illinois Central coal car, thirty-six feet long, to be 3247 feet.

Q. State whether or not those estimates are correct?

A. They are to the best of my knowledge and belief.

NOTE.

Witness files in connection with his testimony the two bills last mentioned marked "Enochs 2" and "Enochs 3."

Q. I hand you a letter——

A. Excuse me. On this question of Mr. Compton's exhibit for prices prevailing at Montgomery, Alabama, I want to call attention to the fact—lumber for cars—that where the grades stated are 4 and 5 grades, they are evidently grades nominated by the railroad company and not manufacturers' grades, if not infrequently occurring that the railroads have certain grades and specifications by which they buy their materials. I refer to Compton's Exhibit No. 1.

1462 Q. Now, what connection have you with the Pearl River Lumber Company—Brookhaven & Pearl River Railroad, I should say?

A. I have no official connection with the Brookhaven & Pearl River Railroad. I have the management of the Pearl River Lumber Company, which operates the Brookhaven & Pearl River Railroad Company.

Q. I hand you a letter purporting to be signed by Mr. C. C. Cameron, General Freight Agent, dated January 10th, 1906. Who is Mr. C. C. Cameron?

A. General freight agent of the Illinois Central?

Q. Does that letter bear his genuine signature?

A. Yes, sir.

By Mr. BAXTER:

Q. This letter is from Mr. Cameron to whom?

A. To I. C. Enochs, General Manager.

Q. What is the date?

A. January 10th, 1906.

By Mr. MILLER:

We offer the said letter in evidence marked "Enoch 4," a copy thereof to be produced in lieu of the original, the original to be produced at the trial, if desired.

By Mr. GREEN:

Q. What intimation, if any, did the Brookhaven & Pearl River Railroad Company have of the proposed offer of a two cents division, before the receipt of this letter?

A. None.

Q. State what connection you have with the Fernwood & Gulf Railroad?

1463 A. The Fernwood & Gulf Railroad is, so far, a department of the Fernwood Lumber Company and is doing some transportation business.

Q. That is at Fernwood?

A. Yes, sir.

Q. State whether or not the same offer of division was made by the Illinois Central to the Fernwood & Gulf Railroad as to the Brookhaven & Pearl River Railroad?

A. No formal offer was made as is there exhibited, but it is understood that, the like condition obtaining, a like arrangement will be made.

Q. What connection did you have——

A. And this is true as to other railroads and mill properties on the I. C. Railroad.

Q. What connection did you have with the Kentwood and Eastern Railroad Company?

A. Until the first of November I was interested in that property.

Q. Where does the Kentwood & Eastern Railroad run?

A. It extends from Kentwood, Louisiana, east about thirty-three miles.

Q. In connection with what mill is it run?

A. In connection with the Banner Lumber Company until the 1st of November, 1905, when it was sold to the Brooks-Scanlan Lumber Company.

Q. I show you what purports to be a bill of lading of the Kent-

wood Railroad Company to the Enochs Lumber Manufacturing Company, Jackson, Miss., signed J. P. Chambers, Agent. Who is J. P. Chambers, and where is he located?

A. J. P. Chambers is the general freight agent of the Kentwood & Eastern Railroad Company, and is located at Kentwood, Louisiana; at this point this logging railroad formerly, and now
1464 chartered railroad, makes connection with the Illinois Central Railroad.

Q. Where is Hackley, Louisiana?

A. About thirty-one miles east from Kentwood—the eastern terminus of the Kentwood & Eastern Railroad.

Q. Is there any saw mill at Hackley?

A. There is not. In point of fact, Mr. Green, there is a small portable mill there, but not a shipping mill.

Q. Is that the mill, at Hackley, La., from which the Enochs Lumber Company bought the lumber specified in this bill of lading?

A. Provided for shipment as per this bill of lading?

Q. Yes?

A. No, sir; this lumber was produced at Kentwood, Louisiana, and not at Hackley, Louisiana.

Q. Where did the logs come from?

A. The logs came from the woods point on the Kentwood & Eastern Railroad, evidently.

Q. This bill of lading is for a car of lumber purporting to be shipped from Hackley, Louisiana, from the Brooks-Scanlan Lumber Manufacturing Company, at Jackson, Mississippi?

A. Yes, sir. The lumber was, as I understand, actually manufactured at Kentwood by the Brooks-Scanlan Lumber Company from logs shipped over the Kentwood & Eastern Railroad into Kentwood.

Q. Is that correct?

A. That is my understanding.

Q. What division of rate, if any, did the Illinois Central or the Kentwood & Eastern have on this shipment of lumber.

A. I don't know what division, Mr. Green. I understand
1465 that the divisions to be given are based upon distances, and that those tariffs are on file, but I have not seen them. They are on file with the Interstate Commerce Commission, I understand.

By Mr. GREEN:

The bill of lading identified by witness is offered in evidence as exhibit "Enochs 5," in connection with this witness' testimony.

Q. In the Annual Report of the Illinois Central Railroad Company for 1903, there are, on page 3, under the title, "Standards of Maintainance," a number of freight cars referred to as being built and bought. Will you please explain what advantage or disadvantage this substitution of cars has as to the income account of the railroad?

A. In this statement it shows that of the new freight cars, fourteen hundred and thirty-six (1,436) replaced old cars destroyed or

disposed of. In the report of 1904, under the same caption, a like statement is made as to eleven hundred and forty-eight (1,148) cars. In the report of 1905, the same statement is made in reference to eleven hundred and eight (1,108) cars, which means that this number of new cars were substituted for a like number of old, or practically worthless cars, and paid for out of the operating expenses, or, from receipts from operations, as you like it; or, that a car that is worth eight hundred dollars ($800), or, to be more specific, we will say, that four hundred and five (405) box cars in 1905, cost eight hundred and sixty-eight dollars and five cents ($868.05), and in 1904, they cost eight hundred and thirty-two dollars and twenty-two cents ($832.22), and in 1903, they
1466 cost eight hundred and seventy-three dollars and thirty-one cents (873.31), whereas the old cars which were replaced by those new cars were worth about eighty dollars ($80.00) per car. That is to say, we have bought, within the last year, a number of 20 and 30 ton second-hand Era cars, for which we paid eighty dollars ($80) per car. The point in this being that this is a betterment of their equipment.

By Mr. MILLER:

Q. What was the average tonnage of the freight cars used on the line now operated by the Illinois Central Railroad Company when this lumber trade with the West north of the Ohio River first began to develop?

A. About the time they had a 30 cent rate to Chicago?

Q. Yes?

A. I don't remember now, General, the specific capacity. I testified at considerable length on that subject formerly, but I could not recall the car capacities.

Q. Do you recall whether they were half as big as the present car? You have a lot of forty-tons cars now, haven't you?

A. The average tonnage capacity of the Illinois Central cars is thirty-four and twenty-hundredths (34.20) tons, as shown in the report of 1905, which has been constantly increasing every year—from year to year.

Q. Do you recall whether or not they had any cars in those times to transport lumber on, that would carry as much as twenty tons?

A. When I began shipping lumber on the Illinois Central in 1873—from 1873 to 1877—between those dates the car capacities ran from sixteen to twenty-four thousand pounds, or from eight to twelve tons' capacity.

1467 Q. Did they change trucks at the Ohio River crossing at that time?

A. At that time the gauge of the Illinois Central was five feet and that was changed, I believe, in the early part of the eighties.

Q. You mean north of the Ohio River—the I. C. proper?

A. No, I think the gauge of the Illinois Central was—that the standard gauge was made perhaps in 1878.

Q. In the early time of which you speak was it necessary to change the truck when they crossed the Ohio River?

A. Yes, sir; they had a house at Cairo and later at Jackson, and a good many junction points at that time.

Q. That would involve a great expense in handling that traffic?

A. Yes, sir.

Cross-examination.

By Mr. BAXTER:

Q. Are you a member of the Central Yellow Pine Association?

A. I am.

Q. Does that Association have annual or semi-annual meetings?

A. The Central Yellow Pine Association's constitution and by-laws provide for annual meetings; we don't observe that requirement.

Q. Do you print the proceedings of the Association at those meetings?

A. No, sir.

Q. Are they recorded in writing?

1468 A. They are. They were exhibited to you on this other hearing.

Q. Do you remember whether they were filed?

A. They were not filed.

Q. Will you produce them to be filed now for the years 1903, 1904, 1905 and 1906?

A. I can't produce them now, because I haven't got them. I have not got them with me, but I will produce them. I will furnish you copies of our proceedings and certify them or furnish you the book to verify them.

Q. In having copies made, will you have one made for the official reporter and one for counsel outside?

A. Yes, sir.

Q. Does your Association have a committee on values and on gradings of lumber?

A. No, sir.

Q. Who fixes the gradings of lumber in your Association?

A. The Central Yellow Pine Association does not fix any values on lumber.

Q. You complained of Mr. Green's grades and I wanted to know whether your Association, by committee or otherwise, establishes and publishes the different grades of lumber?

A. The Central Yellow Pine Association does not. The Yellow Pine Manufacturers' Association does, and here I happen to have with me a copy of their grading rules.

Q. What is the difference between the Yellow Pine Manufacturers' Association and the Central Yellow Pine Association?

A. The Central Yellow Pine Association is an association organized for the specific purpose of waging this controversy as to rates.

1469 Q. The Yellow Pine Manufacturers' Association includes this Central Yellow Pine Association?

A. No, sir; there is no connection between them—the Central Yellow Pine Association and Yellow Pine Manufacturers' Association. The Yellow Pine Manufacturers' Association is an older association, being about sixteen years old, and includes in its membership a great number of people who are not interested in this controversy.

Q. Well, does this Yellow Pine Manufacturers' Association publish its proceedings at its annual or other meetings?

A. Yes, sir.

Q. Are they printed?

A. They are.

Q. Will you produce, for reference of counsel in this cause, copies of the annual proceedings of the Yellow Pine Manufacturers' Association for the years 1903, 1904, 1905 and 1906?

A. I will. I want to add that the Southern Lumber Manufacturers' Association has existed for sixteen years under that title; that at the last annual meeting held in New Orleans, the name was changed to the Yellow Pine Manufacturers' Association, so that the change of name, as it now exists, is apparent with this explanation.

Q. Does the Yellow Pine Manufacturers' Association or the Central Yellow Pine Association publish any list of prices?

A. The Central Yellow Pine Association does not publish any list of prices; the proceedings of the Yellow Pine Manufacturers' Association or Southern Lumber Association in some of the years will show the price current or price list.

1470 Q. Can you file a statement, Mr. Enochs, showing the different advances of lumber or reductions in prices of the different grades of lumber that have been made since the first of January, 1902, down to the present date?

A. I have not got them now, Judge Baxter, therefore I could not say positively if I could furnish them.

Q. Will you furnish them as completely as you can make them up, if you please?

A. Yes, sir.

Q. Mr. Enochs, are the mills in Eastern Louisiana, Mississippi and Western Louisiana up with their orders for lumber, or are they behind?

A. I should say they are behind with them to-day.

Q. About how much?

A. Well, it would be a hard matter to answer that question.

Q. Two or three months, about?

A. Well, I should think that most mills, with a normal order file, would have orders in advance say sixty (60) days or forty (40) days.

Q. How long did you say you have been in the lumber business?

A. I have been in the lumber business since 18—thirty-three years past the 10th of January.

Q. We will take the present prices of lumber on the various grades. Have you ever known in that period of time the rates on lumber to be as high as they are now?

A. You mean the prices?

Q. Yes, prices?

A. No, sir, the prices on lumber are higher to-day—the average price- on lumber are higher to-day than I have ever known them to be in the past, or ever since I came into the business.

1471 Q. Have you ever known the demand for lumber at this time of the year to be as great as it is now?

A. No, sir; the present demand is an abnormal one, Judge Baxter.

Q. Is it not a demand that exists all over the United States, so far as your information and belief goes?

A. It is. I can give you an explanation for that if you desire.

Q. Anything that you wish to say you may say about it?

A. The explanation for the present demand for lumber lies in this, or rather I should say first, that the years in which the lumbermen have had good years are the years in which the railroad companies and the car companies have been large buyers of lumber. That is to say, there is a certain class of our trade which you may say is constant. There is a certain amount of building that goes along for the taking care of the ordinary increase in population, and the transportation demand for lumber has been during those years intermittent, and the intermittent years are the years in which the transportation companies have been poor buyers; where they have been poor buyers we have had a poor demand. In 1903, the car companies and railroad companies built about one hundred and sixty-five thousand (165,000) cars, having built about one hundred and forty thousand (140,000) cars the year before; in 1904 the car companies and railroad companies constructed between sixty thousand (60,000) and sixty-five thousand (65,000) cars, or one hundred thousand (100,000) cars less than in the prior year. The explanation for it is that in the fall of 1903, or the crop movement period, there came unexpectedly a tight money market and

1472 for several months thereafter it was impossible for the transportation companies to make their flotations, and so they went literally out of the market for cars; some of them even stopped the building of cars which were already under contract. It was expected that the fall of 1904 would repeat itself, and every man who had any financing to do was advised of the situation, so that the lumber business was radically depressed in 1904. What was expected to happen in the crop movement period of 1904 because our people anticipated it, did not happen, so we did not have a tight money market in 1904, and immediately thereafter, it became possible for those flotations to be made and the transportation companies began immediately thereafter to buy cars, and in 1905 orders were placed for about three hundred and forty-two thousand (342,000) cars. In addition to that condition, the export trade became good, and the general prosperity of the country responded to an easy money market, and out of this condition came an abnormal demand for lumber. It is not believed or expected by the people who are familiar with the lumber market and the lumber situation that this strenuous demand will continue; in fact the lumber market is not as strong to-day as it was sixty days ago. Another reason contributing to this abnormal situation just in mid-winter was the fact

of the car shortage, which occurs almost universally in the fall of the year, so that what was ordinarily known as transit cars, that is, cars loaded and started to the market, and which would ordinarily be offered at a concession were, since the 15th of December until now, at a premium.

Q. Mr. Enochs, do you not remember that the year of the last presidential election, sometime before election took place, there was something like a threat—a financial panic, and did not all
1473 railroads, car building companies and many other persons engaged in extensive business begin to curtail all their operations in every direction?

A. Without doubt it is a fact.

Q. And then, after President Roosevelt was nominated, and the policy of the country was comparatively settled, did not financial conditions begin to improve and have they not improved ever since?

A. That is true. It began to improve even before the election was reached.

Redirect examination.

By Mr. MILLER:

Q. Was it not the purposes of the formation of the Central Yellow Pine Association to attack before the Commission the practice of the railroads west of the Mississippi River of making what they called tap line allowances to logging roads serving mills in their territory, which allowances were refused to lumber manufacturers in the Central Yellow Pine Association territory in the same situation?

A. It is true that that was one of the objects and one of the undertakings of the Central Yellow Pine Association directed at the lines on this side of the river as to the lines on the other side of the river. However, it developed that there was an exception in the Mobile & Ohio Railroad as one of the lines on this side.

Q. It did not develop, though, in the tap line case, did it?

A. I think it did. I may be mistaken.

Q. Mr. Enochs, is it within your knowledge that the practice of making allowances to railroads serving saw mills in the yel-
1474 low pine region of Arkansas and Louisiana west of the Mississippi River is still kept up and practiced?

A. It is. It is notoriously true and no one would deny it.

Q. Do you know what those allowances are?

A. My information is that they allow from 2 to 6 cents.

Q. Well, is there any practical difference in the situation so far as respects substantial shippers and manufacturers of lumber east and west of the river, in respect to logging service?

A. No, sir; the conditions as to logging both east and west of the river continue to be more expensive as the years go on, because the timber becomes each year further removed from the main line's operations. To illustrate, at Pearl River, our main line haul was 22 per cent. more in 1905 than it was in 1904, and for 1906 it will be still added to. So that as the timber gets further back we have that added investment and added expense account in the maintainance

of railroads, and for the operation of trains and the investment in trains.

Q. Mr. Cameron pretended to admit that, didn't he?

A. Evidently; that was in recognition of the theory of the west side people, which was that the compensation should be allowed for the increased distance.

By Mr. GREEN:

Q. You spoke of there being over 342,000 cars during 1905, I believe. State whether or not that is an ordinary or extraordinary production or building of cars?

A. That is extraordinary, in that the orders placed for cars in 1905 was more than twice as many cars as had ever been
1475 built in any one year. In fact, the car companies are sure of full employment for 1906 if not another order were placed with them.

Q. Have the demands of the car companies for cars, so far as lumber is concerned, been supplied already?

A. No, they have not been supplied fully for all the cars to be built under contract, and it will take the balance of the year to supply, them or very nearly.

By Mr. BAXTER:

Q. Is it or not true, Mr. Enochs, that proceedings were instituted before the Interstate Commerce Commission by the Central Yellow Pine Association against certain railroads lying west of the Mississippi River, complaining of the allowance by them of tap line division to the logging roads on that side of the river, while no such allowances were made by the defendant companies in this case?

A. It is true.

Q. Didn't the Commission hold in that case that, under certain circumstances and conditions, those tap line allowances might be lawfully made?

A. It did.

Q. And this action of Mr. Cameron in notifying you that the Illinois Central proposed, with reference to certain connecting lines, under certain conditions, to allow certain tap line differences, has followed the action of the Commission?

A. It is evidently under that principle he is acting.

By Mr. MILLER:

Q. Did not the Commission hold in that case that the tap line allowance was an extreme application of the milling in transit principle?

1476 A. The Commission plainly stated that they stressed the doctrine to the limit, in order to save the situation.

(Signature Waived.)

C. W. ROBINSON, recalled on his previous oath, testified as follows:

I desire to correct my testimony given this morning, by stating that it was in May, 1905, and not February, 1905, that I was in Washington. I also went to Washington in February, 1904.

(Signature Waived.)

1477 APPENDIX.

EXHIBIT 1 TO TESTIMONY OF W. W. BUTTERFIELD.

Butterfield Lumber Company's Manufacturing Cost of Lumber for 1903-1904-1905.

Net Average Selling Price 1904-1905.

1903.

Wood Cutting, Hauling and Loading, Operating and Maintaining N. C. & M. R. R., Milling, Yarding, Planing, Loading,	Statistics for detailed statement lost in Office fire of December 7th, 1903.	
Estimated Manufacturing cost per M		$8.00
Wear, Tear and Depreciation		.25
Stumpage Valuation, 1903		2.00
Interest and Selling Expenses		.28
Insurance and Taxes		.55
Expense Account		.86
Total Cost of Lumber per M		$11.94

1478 1904.

Wood Cutting, Hauling and Loading, Operating and Maintaining N. C. & M. R. R., Milling, Yarding, Planing, Loading,	Total of this estimated from eleven months report.	
Total Manufacturing cost per M		$7.70
Wear, Tear and Depreciation		.25
Stumpage Valuation, 1904		2.50
Interest and Selling Expenses		.31
Insurance and Taxes		.77
Expense Account		1.39
Total Cost of Lumber per M		$12.92
Average Selling Price, 1904		12.54

1905.

Wood Cutting, Hauling and Loading, Operating and Maintaining N. C. & M. R. R., Milling, Yarding, Planing, Loading,	Total of this estimated from full twelve months report.

Total Manufacturing Cost per M	$7.73
Wear, Tear and Depreciation	.25
Stumpage Valuation, 1905	3.00
Interest and Selling Expenses	.35
Insurance and Taxes	.80
Expense Account	1.40
Total Cost of Lumber per M	$13.53
Average Selling Price, 1905	15.08

1479 EXHIBIT 1 TO TESTIMONY OF SILAS W. GARDINER.

Statement of average prices received per thousand feet for their lumber production by Eastman, Gardiner & Co., of Laurel, Miss., after deducting freight, for 1904 and 1905; also the cost of manufacturing lumber, including stumpage, for the same period.

Year.	Average price received.	Manf'g, shipping, etc.	Logging to mill.	Expense, int., tax, ins. ad'm, and dep.	Stumpage value.	Total cost.
1904.	$10.64	$3.96	$2.41	$1.50	$2.50	$10.37
1905.	13.57	3.99	2.95	1.50	3.00	11.44

EASTMAN, GARDINER & CO.,
By S. W. GARDINER, *Treasurer*.

Laurel, Miss., March 23, 1906.

1480 EXHIBIT TO TESTIMONY OF I. C. ENOCHS.

EXHIBIT No. 1.—Showing the Sizes and Quantity of Lumber in I. C. R. R. 36-foot Box Cars.

6	Pcs.	4½	x 8	36–8 Sills		660′
2	"	6	x 8	" "		293′
2	"	7½	x 8	9–4 Cross Beams		93′
2	"	4	x 9	" " "		56′
2	"	6	x 8	2–4 Dead Wood		19′
2	"	½	x 3	37–0		18′
2	"	½	x 3	6–6		4′
2	"	1	x 4	37–0 Facing		25′
2	"	1	x 6	5″ Facing-end		5′
2	"	1½	x 3½	5–0 Drip-End Door		5′
2	"	1	x 6	2–1		2′
2	"	1	x 10	9–4 End		16′
4	"	1	x 6	38–0 Running Board		76′
2	"	1	x 4	2–0 " "		1′
25	"	1⅜	x 2½	" " "		25′
172	"	1	x 6	5–0 Roofing		430′
234	"	1	x 6	9–0 Siding		1053′
28	"	1	x 6	15–0 Lining		210′
4	"	1	x 4	" "		20′
22	"	1	x 6	8–6 "		94′
6	"	1	x 8	" "		34′
2	"	1	x 4	" "		6′
8	"	1	x 8	15–0 "		80′
20	"	3	x 5	9–0 Studs		225′
20	"	3	x 5	9–6 Braces		238′
8	"	5	x 5	9–0 Corner Posts		300′
4	"	4	x 4	15–0		80′
2	"	4	x 4	8–6		23′
2	"	3	x 7	36–0 Caps		126′
8	"	1	x 6	3–0 Doors		12′
6	"	1	x 8	6–6 "		26′
2	"	2	x 3	9–0 Door Stops		9′
14	"	2	x 10	9–6 Rafters		222′
2	"	4	x 12	9–6 End-Rafters		76′
1	"	2	x 4	36–0 Sheathing		24′
4	"	1	x 4	" "		48′
54	"	2	x 8	9″ Decking		648′
						5282′

1481 EXHIBIT No. 2.—Showing the Sizes and Quantity of Lumber in I. C. R. R. 40-foot Flat Cars.

2	Pcs.	5 x 12	40–9	406′
4	"	4½ x 9	40–0	520′
2	"	6 x 9	"	360′
2	"	4 x 10	8–0	53′
2	"	8 x 11	10–0	147′
2	"	4½ x 10	2–0	14′
4	"	5 x 7	6–0	70′
756	Ft.	2″ Decking		756′
				2326′

EXHIBIT No. 3.—Showing the Sizes and Quantity of Lumber in I. C. R. R. 36-foot Coal Cars.

2	Pcs.	5 x 12	36–0	360′
4	"	4½ x 9	"	486′
2	"	6 x 9	"	324′
2	"	4 x 10	8–0	53′
2	"	8 x 11	10–0	147′
8	"	2½ x 10½	36–0	630′
8	"	2½ x 10	10–0	167′
24	"	4 x 5	5–0	200′
4	"	4 x 5	6–0	40′
10	"	2 x 6	10–0	100′
43	"	2 x 8	"	573′
5	"	2 x 10	2–0	14′
4	"	5 x 7	6–0	70′
				3247′

1482 EXHIBIT 5 TO TESTIMONY OF I. C. ENOCHS.

BANNER LINE.

Shippers, Read this Contract Before Accepting.

Kentwood & Eastern Railroad Company.

Bill of Lading. *Original.*

No. —.

HACKLEY, LA., *Feb.* 2, 1906.

Received by the Kentwood & Eastern Railroad Company from Brooks-Scanlon Lumber Company, the goods or packages mentioned below (contents) and value unknown), in apparent good order, except as noted, consigned as marked and numbered in the margin, to be transported to —— at the rate below, (provided) the contents of

said packages are correctly stated in this Bill of Lading) and delivered in like good order and condition to the consignee, if consigned to a station on its own railroad, or to such carrier whose line may be a part of the route to the place of destination, it being distinctly understood that its responsibility shall cease when it delivers the same to the consignee or to the carrier.

This contract is subject to the following conditions:

When the contents of packages are not properly represented by the Shipper, it is agreed that upon the actual contents of the packages, the published rate of the carrier or carriers whose line the goods pass to destination is the only rate guaranteed.

When the words "Owner's Risk," or the letters "O. R." are noted on this Bill of Lading, the owner assumes the risk of all loss of or damage to the property in the course of transportation, except that arising from carelessness of the carrier, its agents or employees.

When this Bill of Lading bears a notation showing that the valuation of the property is fixed at a certain amount, it is agreed that the value does not exceed such amount, and that any carrier which may be liable for loss of or damage to the property shall not be bound to pay more than such amount.

1483 When the words "Shipper's Load and Count" are noted on this Bill of Lading, it is an acknowledgment on the part of the Shipper that the Carrier is not liable, directly or indirectly, for loss or damage arising from improper stowage or defective or insufficient packages, or for any discrepancy in account or quantity.

This company shall not be responsible for the leakage of any kind of Liquors, breakage of any kind of glass, Carboys of Acid or articles packed in glass, Stoves or Stove Furniture, Castings, Machinery, Carriages, Furniture, Musical Instruments of any kind, Packages of Eggs, or for rust of Iron or Iron Articles or for the condition of baling or loss or damage on Hay, Hemp, Cotton, or any article whose bulk renders it necessary to transport on open cars, or for damage to perishable property of any kind occasioned by delays from any cause or change of weather, nor for any loss of weight of Grain, or Coffee in bags, or Rice in tierces, nor for loss of Nuts in bags, nor for loss or damage attributable to causes arising from the Act of God, or for the loss of Flour or any other property caused by bad or insufficient cooperage, or for loss or damage on the lakes or rivers, unless it can be shown that such damage or loss occurred through the negligence of the agents or employes of the Company. It is further agreed, that for all actionable loss or damage occurring in the transit of the property, the legal remedy shall be against the particular carrier only in whose custody the same may actually be at the time of the happening thereof. In the event of the loss of any property for which any Carrier may be responsible under this Bill of Lading, All packages subject to charge for cooperage, if necessary.

This Company shall not be responsible for loss or damage by fire from any cause whatever while in transit or at stations; nor for accidents or delays from unavoidable causes; nor for delay, loss or

damage caused by strikes or riots, or by quarantine or custom house regulations.

All property shall be subject to transfer en route, as the necessities or convenience of any Carrier requires.

In consideration of the rates herein given on goods packed in bales, it is agreed that each Carrier over whose line the said goods shall pass in the course of transportation is released by the shipper of said goods from all claims for damage by chafing in transit.

All carload freight shall be subject to a minimum charge for trackage and rental of $1.00 per car for each twenty-four
1484 hours' detention, or fractional part thereof, after the expiration of forty-eight hours from its arrival at destination.

THIS BILL OF LADING MUST BE PRESENTED WITHOUT ALTERATION OR ERASURE.

THE ORIGINAL BILL OF LADING ONLY IS TRANSFERABLE. COPIES ARE FURNISHED FOR THE INFORMATION OF THOSE CONCERNED, BUT ARE OTHERWISE VALUELESS EXCEPT AS EVIDENCE THAT A BILL OF LADING HAS BEEN DELIVERED.

Marks and consignees.						No. pkgs.	Articles.	Weight, sub. to cor.
S. P. 38,509						One.	Car Lumber	
Enochs Lumber & Mfg. Co								
Jackson, Miss								
Via								
Rates From								
To								
In cents per hundred pounds.								
If 1st class.	2nd class.	3rd class.	4th class.	5th class.	6th class.			
Special	Per							
Advance Charges $								

J. P. CHAMBERS, *Agent.*

1485 EXHIBIT 4 TO TESTIMONY OF I. C. ENOCHS.

Illinois Central Railroad Company.

Office of General Freight Agent.

In replying please refer to File 153.

MEMPHIS, *January 10th*, 1906.

Mr. I. C. Enochs, General Manager, Brookhaven & Pearl River R. R., Jackson, Miss.

DEAR SIR: I had a talk to-day with your Mr. Meade in regard to the question of tap line proportions, and which he advises me should be taken up with you. We have decided to make some change in the policy which has heretofore been observed by our company, and effective February 1st, 1906, we propose to allow the Brookhaven & Pearl River R. R. a division of 2 cents per 100 lbs. on yellow pine lumber, car loads, delivered us at Brookhaven when destined to Ohio River Crossings and points beyond, on and East of the Mississippi River and on and West of the Buffalo-Pittsburg Line. This arrangement will be subject to change on reasonable notice. We propose to issue tariff and division sheet in connection with your road, showing thereon the name of your General Freight Agent. I understand your stations are as follows: Hueckes, Solgaard, Mays, Nola Junction, Nola, Loranda, Loranda Junction and Monticello. The lumber should be billed out of Brookhaven at the regular tariff rates applying from that place and the division of 2 cents per 100 lbs., to be paid you by monthly claim. If this arrangement is satisfactory, please notify me promptly upon receipt of this letter and I will promptly issue tariff and division sheet. In the event you accept the arrangement, and which is the same as we will establish February 1st with other roads of similar character and length as the Brookhaven & Pearl River Railroad, please send me promptly after the close of each month a statement in duplicate showing in two parts, first, the shipments to the points to which we will allow divisions; and second, shipments to points to which no divisions will be operated. You should arrange a careful

1486 count of all logs received by your mill that check of the arrangement can be readily made at any time when it may be necessary or desirable to do so. This same arrangement as outlined above will, of course, apply on lumber cut at mills on the B. & P. R. R. R. as on lumber manufactured at Brookhaven.

Kindly let me hear from you to-morrow, if possible.

Yours truly,

C. C. CAMERON,
General Freight Agent.

1487 *Certificate of Loss of Record.*

UNITED STATES OF AMERICA,
Southern Division of the Southern District of the State of Mississippi:

I, the undersigned Clerk of the United States Circuit Court in and for the Southern Division of the Southern District of the State of Mississippi, sitting at Biloxi, Mississippi, do hereby certify that I am unable, after a very careful and diligent search throughout my office, to find any of the original papers in the case of S. E. Perkins *et al. vs.* Gulf & Ship Island Railroad Co., and T. J. Stewart, Receiver, No. 11, In Equity. The files of the papers in said cause appearing to be lost after a careful and diligent search in my said office.

In testimony whereof witness my hand and seal of office on this the 7th day of April, A. D. 1906.

L. B. MOSELEY, *Clerk,*
[SEAL.] By G. H. McMORROUGH, *D. C.*

NOTE.—Accounts and contracts filed by N. G. Scott as part of his testimony, not printed, because of great length and deemed unnecessary.

1488 Duplicate.

Stipulation Covering Original Exhibits Filed with Testimony of Nathaniel G. Scott and Not Printed Therewith.

Filed January 14, 1907.

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In order to dispense with copying into the record the accounts and contracts filed as part of the testimony of N. G. Scott, it is agreed that they may be considered in condensed form as follows:

I.

That his contract with the Gulf & Ship Island Railroad Company, for constructing the part of its branch line known as the extension of the Laurel & Northwestern Railroad required him to begin at a point 20 miles westerly from Laurel, and to build to some point on the line of the Gulf & Ship Island Railroad, between Mount Olive and Magee, a distance of between 20 and 25 miles.

II.

For grading, clearing and grubbing, the price was 17 cents per cubic yard, road-bed measurement; track laying and surfacing

$350.00 per lineal mile; trestling $3.50 per lineal foot; log culverts $30.00 each; 1 Howe truss bridge over Leaf River $5,270.

III.

The approximate estimate of the work is 200,000 yards of road-bed material, 20 miles of track, 1380 feet of trestling and 30 log culverts.

IV.

The actual amount of excavation and embankment performed by him foots up 118,126 cubic yards, and 28 culverts.

V.

The account filed by him for work done under the contract foots up $64,527.44, upon which he credits $35,414.15.

(Signed)

L. A. SHAVER &
T. M. MILLER,
Sp'l Ass't to U. S. Dist. Att'y,
GREEN & GREEN,
Solicitors for Int. Com. Com.
ED. BAXTER AND
S. F. ANDREWS,
For Def'ts,
By O. P. ANDERSON.

1489 *Tariff on Cross-Ties, Illinois Central R. R., Referred to by C. W. Robinson.*

Illinois Central Railroad Company.

(Cancelled by I. C. C. No. 3171.)
Effective 4-9-1905.

I. C. C. No. 3153.
(Cancels I. C. C. No. 3100.)

B.—12013.
(Cancels A-12013.)

Mar. 20.
Auditor's Office.
17069.
Commerce Commission.
1905.

Freight Tariff.

Applying on

Yellow Pine Cross-Ties—Carloads.

(Cars must be loaded to full loaded capacity but not in excess of ten (10) per cent. beyond their marked weight capacity. Ties to be billed at 165 pounds per tie.)

To

Chicago, Ill.

In Cents per Tie.

From—	Rate.	From—	Rate.	From—	Rate.
Pearl..... Miss.	26	Fernwood...Miss.	26	Genesee . . La.	26
Byram..... "	26	Magnolia... "	26	Natalbany ... "	26
Pierce & Gibbs.. "	26	Cook..... "	26	Hammond ... "	26
Terry . . . . . "	26	Barletts..... "	26	Chester . .... "	26
Crystal Springs.. "	26	Stevens..... "	26	Campbells.... "	26
Gallman..... "	26	Chatawa. . "	26	Ponchatoula . "	26
Hazelhurst Lumber Co. . . . "	26	Osyka..... "	26	Abel..... "	26
Hazlehurst..... "	26	Greenlaw.....La.	26	Jena..... "	26
Martinsville.... "	26	Kentwood.... "	26	Warwick..... "	26
Beauregard..... "	26	Kent's Mill... "	26	Strader..... "	26
Wesson .... "	26	Simonds..... "	26	Manchac..... "	26
Montgomery ... "	26	Tangipahoa... "	26	Oteri..... "	26
Brookhaven.... "	26	Day..... "	26	Ruddock..... "	26
Leons..... "	26	Newsoms. . "	26	De Sair ..... "	26
Wartmans..... "	26	Hyde ..... "	26	Wagram . . "	26
Cold Springs.... "	26	Flukers..... "	26	Frenier ..... "	26
Derby..... "	26	Arcola..... "	26	La Branch ... "	26
Bouge Chitto... "	26	Roseland ..... "	26	Kenner ..... "	26
Norfield..... "	26	Amite... .... "	26	Kenner Jct... "	26
Johnson ..... "	26	Gulletts ..... "	26	Fallon ..... "	26
Sanders..... "	26	Louise.. ..... "	26	Luzon . ..... "	26
Summit..... "	26	Akers .... "	26		
Champion Compress..... "	26	Millards ..... "	26		
McComb..... "	26	Independence. "	26		
		Tickfaw..... "	26		

Issued March 17, 1905.
(B 200.) (M/1 1631.)

(File 47472 A. B.)

Effective March 22, 1905.
(Authority A-2998.)

Issued by

T. J. HUDSON, Traffic Manager, Chicago.
F. B. BOWES, Asst. Trf. Mgr., Chicago.
W. E. KEEPERS, G. F. A., Chicago.
C. C. CAMERON, G. F. A., Memphis.

(Copy.)

1490 2 Tariffs. †.

Tariff on Cross-Ties, Illinois Central Railroad, Referred to by C. W. Robinson.

Illinois Central Railroad Company.

(Cancelled by Supt. No. 1. Effective 1–1–1906.) I. C. C. No. 3171. (Cancels I. C. C. No. 3153.)

C. 12013.
(Cancels B–12013.)

Apr. 6.
Auditor's Office.
19930.
Interstate
Commerce Commission.
1905.

Freight Tariff.

Applying on
Yellow Pine Cross-Ties & Carloads.

(Cars must be loaded to full loading capacity but not in excess of ten (10) per cent. beyond their marked weight capacity. Ties to be billed at 130 pounds per tie.)

To
Chicago, Ill.
In Cents per Tie.

From—	Rate.	From—	Rate.	From—	Rate.
Pearl.....Miss.	26	McComb . . .Miss.	26	Independence, La.	26
Byram..... "	26	Fernwood... "	26	Tickfaw .... "	26
Pierce & Gibbs.. "	26	Magnolia ... "	26	Genesee..... "	26
Terry..... "	26	Cook..... "	26	Natalbany.... "	26
Crystal Springs.. "	26	Barletts..... "	26	Hammond.... "	26
Gallman. ..... "	26	Stevens... . "	26	Chester..... "	26
Hazenhurst Lumber Co... "	26	Chatawa.... "	26	Campbells.... "	26
Hazlehurst..... "	26	Osyka ..... "	26	Pontchatoula.. "	26
Martinsville ... "	26	Greenlaw.....La.	26	Abel ..... "	26
Beauregard..... "	26	Kentwood.... "	26	Jena ..... "	26
Wesson .... "	26	Kent's Mill... "	26	Warwick .... "	26
Montgomery.... "	26	Simonds..... "	26	Strader..... "	26
Brookhaven.... "	26	Tangipahoa... "	26	Manchac..... "	26
Leons..... "	26	Day..... .... "	26	Oteri..... "	26
Hartmans..... "	26	Newsoms..... "	26	Ruddock ..... "	26
Cold Springs ... "	26	Hyde ... . "	26	De Sair ..... "	26
Derby..... "	26	Flukers..... "	26	Wagram..... "	26
Bogue Chitto... "	26	Arcola..... "	26	Frenier .... .. "	26
Norfield..... "	26	Roseland..... "	26	La Branch.... "	26
Johnston. ..... "	26	Amite.. ..... "	26	Kenner..... "	26
Sanders..... "	26	Gulletts ..... "	26	Kenner Jct... "	26
Summit..... "	26	Louise..... "	26	Fallon . .. ... "	26
Champion Compress ..... "	26	Akers..... "	26	Luzon..... "	26
		Millards .... "	26		

Issued April 4, 1905. (B 200.) (M/1 1631.) (File 47472 A B.) Effective April 9, 1905. (Authority B–2998.)

Issued by

T. J. HUDSON, Traffic Manager, Chicago. F. B. BOWERS, Asst. Trf. Mgr., Chicago. W. E. KEEPERS, G. F. A., Chicago. C. C. CAMERON, G. F. A., Memphis.

(Cont'd.)

1491 Duplicate.

Stipulation and Statement Covering Annual Reports and Certain Other Documentary Evidence on File.

Filed January 14, 1907.

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

In order to save the necessity of copying into the transcript on the appeal foreign and unnecessary matter contained in the same documents, or many of them, it is agreed between counsel for all the parties that the following matters are true, as shown in documentary evidence on file in said cause:

I.

Hand-Book No. 6 of the Southern Railway Company, effective July 1, 1903, shows that there are divisions of the Southern Railway, which require special arrangements and low speed to haul cars of 100,000 lbs. capacity, and that on some of the divisions of said Southern Railway, cars of 100,000 lbs. capacity cannot be hauled.

II.

The answers of the Mobile & Ohio Railroad Co. to certain interrogatories propounded by the Central Yellow Pine Association, complainant before the Commission, show that since 1897, the freight car capacity of said road's equipment had increased 119,320 tons, and the engine capacity had increased 157,098.

Said answers also show:

Year.	Freight receipts.	Operating expenses, incl. salaries, damages, and taxes.	Excess.
1901–2.....	$4,932,837.22	$4,489,186.15	$443,651.07
1902–3.....	5,686,856.83	5,211,171.53	475,685.30

Said answers also show a steady increase in gross earnings from 1893-4, viz., $3,253,691.17, to 1903, viz., $7,486,980.39, and the net earnings of the M. & O. R. R. show a steady increase from $223,769.19 in 1896-7 to $747,276.07 in 1903.

There was applied of income to betterments in 1901, $417,467.90; in 1902, $417,510.25; in 1903, $383,605.19; and to dividends in 1903, $107,412.00,—the first dividend except a small one in 1897.

1492 III.

The earnings and expenses of the M. & O. R. R. have been as follows:

	1903.	1902.	Increase.	Per cent. of inc.
Miles of Road Operated	874.1	874.1		
Gross Earnings	$7,486,980.39	$6,509,488.54	$977,491.85	15.01
Operating Expenses & Taxes:				
Maintenance of Way and Structures	1,135,979.39	871,854.99	264,124.40	30.20
Maintenance of Equipment	955,070.76	726,071.79	228,998.97	31.53
Conducting transportation	2,731,833.34	2,508,742.23	223,091.11	8.89
General Expenses	230,068.96	217,882.66	12,186.30	5.59
Taxes	158,219.08	164,634.48	D. 6,415.40	D. 3.89
Total	$5,211,171.53	$4,489,186.15	721,985.38	16.08
Net Earnings	$2,275,808.86	$2,020,302.39	255,506.47	12.64
Ratio of Expenses to Earnings.	69.59%	68.98%	.61%	

D. denotes decrease.

Page 10 of Annual Report of M. & O. R. R. for year ended June 30, 1903, is as follows:

"The expenses of maintenance of way and structures per mile of road for the year were $1,299.59 as compared with $997.43 for the year preceding.

"The chief items of increase were in renewal of rails and of crossties, general repairs of roadway, and in repairs and renewals of buildings.

"The number of cross ties placed in the track during the year was 531,554, as compared with 373,669 for the year previous, an increase of 157,885 cross ties or 42.25%.

"The rail renewals during the year include 16,674 tons of new 75 lb. steel rail, or about 141 miles.

"There were on hand at the close of the year 9,422 tons of serviceable relaying rail.

1493 "Contracts have been made for 13,500 tons of new 75 lb. steel rail, to be delivered during the next fiscal year.

"During the past two years 216 miles of new 75 lb. rail have been put in the track, replacing 56 lb. and 60 lb. rail.

"During the year, 5.97 miles additional sidings were constructed as compared with 15.06 miles during preceding year.

"The passing tracks already completed have greatly improved the facilities for handling trains, but the demands of increased traffic will make further additions necessary in the immediate future.

"The large increase of $228,998.97 in the cost of maintenance of equipment, consists chiefly of an increase of $96,002.02 in repairs of locomotives, $11,800.02 in repairs of passenger cars, $100,974.81 in repairs of freight cars and $21,397.44 in repairs of shop machinery and tools.

"The average amounts expended for repairs and replacement of rolling stock during the year were:

	1903.	1902
Per Locomotive	$2,001.45	$1,366.66
Per Passenger Car	710.55	679.38
Per Freight Car	66.03	50.40

Following is an extract from page 11 of said report:

"The expenses of conducting transportation increased $223,091.11, or 8.89 per cent., more than half of which was in cost of fuel. General expenses increased $12,186.30, or 5.59 per cent., while the ton miles increased 148,903,944, or 18.01 per cent., and the passenger miles increased 2,776,482, or 7.95 per cent."

IV.

The following is the "Income Account" of the M. & O. R. R., for the year ended June 30, 1903, as shown by its Annual Report, p. 5:

1494 *Income Account.*

	1903.	1902.	Inc. or dec.
Miles of Road Operated	874.1	874.1	
Gross Earnings from Operation	$7,486,980.39	$6,509,488.54	Inc. $977,491.85
Operating Expenses and Taxes	5,211,171.53	4,489,186.15	Inc. 721,985.38
Net Income from Operation	2,275,808.86	2,020,302.39	Inc. 255,506.47
Income from Other Sources	102,130.81	110,364.85	Dec. 8,234.04
	$2,377,939.67	$2,130,667.24	Inc. 247,272.43
Interest and Rentals	1,630,663.60	1,589,106.77	Inc. 41,556.83
Other Charges against Income	334,650.14	417,510.25	Dec. 82,860.11
	$1,965,313.74	$2,006,617.02	Dec. 41,303.28
Balance	412,625.93	124,050.22	Inc. 288,575.71
Dividend on stock 2 %	107,412.00		Inc. 107,412.00
Balance carried to credit of profit and loss	305,213.93	124,050.22	Inc. 181,163.71

V.

The answers of the Cincinnati, New Orleans & Texas Pacific Ry. to interrogatories propounded by the Central Yellow Pine Association, complainant, before Interstate Commerce Commission, show as follows:

Year.	Salary of employees.	Betterments.	Other op. expenses.
1900–1	$1,508,649.75	$353,913.39	$1,571,884.72
1901–2	1,747,842.07	202,674.10	1,989,282.17
1902–3	2,186,752.14	401,958.66	1,754,452.14

The gross earnings and the net earnings, after paying the rent and maintenance, operation, etc., are as follows:

From a deficit in 1899–00 to

Year.	Gross earnings.	Net earnings.	Surplus.
1900–1	$5,066,207.75	$1,320,501.85	$180,732.78
1901–2	5,686,253.61	1,446,659.81	207,780.51
1902–3	6,218,957.85	1,569,518.68	306,328.77

1495 In 1902-3, there was a dividend of 5 per cent. paid on its preferred stock, the first dividend since prior to 1892.

VI.

The Annual Report of the Gulf & Ship Island Railroad Company for the year ended June 30, 1903, pp. 5 and 6 states as follows:

"Throughout the fiscal year ended June 30, 1903, the great prosperity mentioned in the annual report for 1902 continued undiminished. Indeed, by reason of the satisfactory industrial conditions prevailing in Southern Mississippi, the gross earnings of the Company increased 24 per cent. over those of the previous year."

* * * * * * *

"The acreage of lands under cultivation along the line of our road is fully 25 per cent. greater this year than formerly. As the land is cleared of timber, it is being planted with cotton, corn, sugar cane and fruit. The development of the cleared lands and the industries that spring up as the timber is cut are extremely gratifying. The last few years have demonstrated beyond peradventure that the traffic which arises on the cleared and developed portions of the road is equal in value to that derived from the transportation of the timber, if not greater. It can be said with certainty that when the timber is exhausted, farms, manufactures, and other industries will have taken its place and our business will be materially increased."

On p. 16 of said Report of the G. & S. I. R. R., for year ended June 30, 1903, it is stated:

"Transportation Results."

"The work of the transportation department shows extremely satisfactory results. While the number of revenue tons of freight carried one mile increased 23.67 per cent., as compared with 1902, the revenue freight train mileage decreased 1.97 per cent. The average revenue freight trainload increased from 164.18 tons to 207.11 tons, and the average loaded revenue freight carload rose from 14.18 tons to 15.91 tons. The average number of cars per train advanced from 16.59 in 1902 to 18.38 in 1903. The Com-
1496 pany uses no 'helping' engines and runs no mixed trains."

"Freight earnings per freight train mile averaged $3.91 in 1903, as against $3.13 the previous year, and passenger train earnings per train mile averaged $1.01, as compared with 84 cents the year before."

Table entitled "Freight Service" appearing on page 17 of Annual Report of the Gulf & Ship Island Railroad Company for the year ended June 30, 1903, shows the following percentages of increase or decrease in items named:

1903 *Compared with* 1902.

Total earnings from freight, increase	22.65	per cent.
Number of revenue tons carried one mile, increase	23.67	per cent.
Revenue freight train mileage, decrease	1.97	per cent.
Average freight train load, increase	26.15	per cent.
Freight earnings per revenue freight train mile, increase	24.92	per cent.

VII.

The following is a consolidation of tables 12 and 15, taken from Annual Reports of Southern Railway Company, for the years 1903 and 1905, respectively, entitled "Freight Tonnage, Mileage of Freight Trains, Average Freight Haul per train, and Average earnings per freight train mile."

1497	1895.	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	1904.	1905.
Average miles of road operated	4,139.44	4,573.80	4,805.75	4,827.22	5,254.05	6,306.12	6,612.11	6,743.61	7,129.39	7,164.39	7,198.99
Miles run by freight trains	7,483,843	8,553,217	8,941,793	9,627,681	10,969,005	12,989,996	12,774,704	13,713,086	15,286,077	16,955,900	17,320,863
Tons carried:											
Revenue freight only	6,675,750	7,941,980	7,904,706	8,554,012	10,22[illegible],200	13,590,353	15,025,[illegible]	16,811,538	19,197,484	20,733,049	20,973,564
All freight, including Company's material	.....	8,701,210	9,106,543	9,948,707	11,707,677	15,492,024	17,206,917	19,460,749	22,155,885	24,385,643	24,517,841
Tons one mile:											
Revenue freight only	1,008,932,884	1,239,686,022	1,324,015,178	1,436,673,635	1,771,925,383	2,294,257,940	2,450,220,275	2,678,308,627	2,934,717,941	3,218,263,980	3,368,362,765
All freight, including Company's material	.....	1,389,993,079	1,545,273,962	1,690,085,024	2,057,571,910	2,641,271,338	2,841,832,562	3,098,011,083	3,424,492,536	3,812,864,988	3,973,282,283
Average number of tons of freight in each train.											
Revenue freight only	146.84	144.43	148.07	149.22	161.54	176.61	191.80	198.31	193.29	189.80	194.30
All freight, including Company's material	.....	161.94	172.81	175.54	187.58	203.3[illegible]	222.46	225.92	224.03	224.87	229.39
Average receipts per ton per mile	cts. 0.984	cts. 0.972	cts. 0.936	cts. 0.933	cts. 0.897	cts. 0.916	cts. 0.936	cts. 0.9[illegible]1	cts. 0.950	cts. 0.938	cts. 0.944
Average receipts per freight-train mile	$1.445	$1.405	$1.385	$1.392	$1.451	$1.617	$1.795	$1.819	$1.837	$1.771	$1.835

The above statement gives for each year only the results of operation by Southern Railway Company in that year.

1498 VIII.

Abstract "G," "Insurance Fund," p. 7, Annual Report Illinois Central Railroad for year ended June 30, 1903, shows that there was "added during the year ended June 30, 1903, through monthly charges to Expenses of Operation $120,000.00."

On page 2 of Annual Report of Illinois Central Railroad, for year ended June 30, 1903, under head of "Dividends and Insurance Funds," it is stated that: "The sum of $45,740 derived from interest on securities in the Surplus Dividend Fund, has been added to that fund, which now amounts to $1,178,186.92 and is well and safely invested.

IX.

"General Balance Sheet," p. 5, Illinois Central Railroad Co.'s annual report for year ended June 30, 1903 shows "Leased Line Stock, $10,000,000.00; Funded Debt of Chicago St. Louis & New Orleans R. R. Co., $16,234,000.00." These are all of the liabilities of the Illinois Central Railroad for the Chicago, St. Louis & New Orleans Railroad Company shown in said balance sheet.

X.

Reports to stockholders show that the Louisville & Nashville Railroad Company charged to operation expenses for permanent improvements, in 1899 $517,784.59; 1900, $1,021,843.06; 1901, $1,474,502.72; 1902, $1,487,277.19; 1903, $2,000,203.63; 1904, $1,746,183.82; 1905, $2,562,314.40.

The report of the Louisville & Nashville Railroad Co. for the fiscal year ending June 30, 1903, p. 16 shows as follows:

	1902-3.	1901-2.	Percentage increase.
Earnings per ton per mile	.779	.741	5.1282
Expenses per ton per mile	.542	.513	5.6530
Net earnings per ton per mile	.237	.228	3.974
Percentage of expenses of freight earnings	69.53	69.21	.4624
Net earnings per mile of road	$3337.83	$2948.77	13.1943

The report of the Louisville & Nashville Railroad Co. for the fiscal year ending June 30, 1903, p. 22, shows: "Surplus, after payment of dividends, transferred to the credit of Profit and Loss Account, $3,211,047.74."

1499 XI.

The following is an extract from Table 11, p. 35, of Southern Railway Annual Report, for year ending June 30, 1905, entitled "Statement of Results of Operation of Lines composing the Southern Railway System" etc.

Year ended June 30.	Miles.	Gross earnings.	Expenses & taxes.	Net earnings.
1896.....	4,573.	$19,082,247.	$13,451,448.	$5,630,799
1897.....	4,805.	19,079,500.	13,233,156.	5,846,344
1898.....	4,937.	21,095,838.	14,501,864.	6,593,974.
1899.....	5,377.	25,353,686.	17,356,355	7,997,331
1900.....	6,306.	31,200,870.	21,831,447.	9,369,423
1901.....	6,612.	34,669,482	24,343,625	10,316,857
1902..... ...	6,743.	37,712,248	26,846,837	10,865,411
1903.....	7,129.	42,354,060	30,989,140.	11,364,920
1904.....	7,164.	45,109,777	33,115,467	11,994,310
1905.....	7,198.	48,145,108	35,082,515	13,062,593

For the year ended June 30, 1895, the figures as shown by Annual Report of Southern Railway for 1903 were: Miles 4,391; Gross Earnings $17,959,119; Expenses and Taxes, $12,790,523; Net Earnings $5,168,596.

XII.

In the Annual Report of the Mobile & Ohio Railroad Company for the year ended June 30, 1903, the "cost of road and property" is stated to be $27,353,922.30; capital stock outstanding $5,370,600; funded debt, $26,450,765.56.

The earnings and expenses of the M. & O. R. R. in 1903 increased over 1902 as follows:

Gross Earnings increased 15.01 per cent.; Maintenance of Way and Structures increased, 30.20 per cent.; Maintenance of equipment increased 31.53 per cent.; Conducting transportation increased 8.89 per cent.; General Expenses increased 5.59 per cent. Taxes decreased 3.89 per cent.

More than one-half of the increase in expense of conducting transportation was in cost of fuel.

It is stated on p. 10 of said 1903 report, that:

1500 "During the past two years 216 miles of new 75-lb. rail have been put in the track, replacing 56-lb. and 60-lb. rail."

XIII.

The following figures are shown by the Annual Report of the Gulf & Ship Island Railroad Company, for the year ended June 30, 1903:

	1903.	1902.	Increase.	Increase per cent.
Average Miles Operated	251	251	.....	.....
Gross Earnings	$1,705,047.	$1,374,684.	$330,363.	24.03
Operating Expenses and Taxes	1,079,618.	940,514.	139,104.	14.79
Net Earnings	625,429.	434,170	191,259	44.05
Other Income	3,719	.....	3,719	.....
Total Net Income	629,148	434,170	194,978	44.91
Interest	195,430	175,311	20,119	11.47
Balance applicable to dividends	433,718	258,859.	174,859.	67.55
Dividends	100,000	.....	100,000	.....
Surplus	333,718	258,859	74,859	28.92
Per Ct. of Op. exp. and taxes to earnings	63.32	68.42	Dec. 5.10	.....

It is further shown by said Annual Report of the Gulf & Ship Island Railroad Co., for the year ended June 30, 1903, that:

"Of the increase of $330,363 in total earnings in 1903, $247,263 accrued in the freight department and $71,829 in the passenger department, the remainder being derived from miscellaneous sources."

XIV.

Exhibit No. 19 of car performance for March 1903 on shipments via G. & S. I. R. R. and I. C. R. R., from Eastman, Gardiner & Co. showed that some cars had been in transit as much as 122 days. The list embraced all cars of Eastman, Gardiner & Co., for the month of March 1903, of which they had data, to show car performance.

1501

XV.

It is agreed that the publications of the Interstate Commerce Commission, entitled "Statistics of Railways in the United States," and "Preliminary Report on the Income Account of Railways in the United States" may be referred to by either party on the hearing of this cause, and that the Court takes judicial notice of the contents of said publications.

XVI.

Illinois Central Sup. 10 to Division Sheet A-1416 shows divisions on lumber originating at Kingston and Laurel, on line of Gulf & Ship Island R. R., as follows:

To—	G. & S. I.	Ill. Cent.	Beyond.	Total.
Bessemer, Ala	3½	3½	3	10c.
Birmingham, Ala	3½	3½	3	10c.
Chattanooga, Tenn	3¼	3¼	5½	12c.
Emory Gap, Tenn	3¼	3¼	10½	17c.
Ensley, Ala	3½	3½	3	10c.
Gate City, Ala	2¼	2¼	4½	10c.
Memphis, Tenn	5½	5½	...	11c.
New Orleans, La	3	3	...	6c.

XVII.

The divisions on lumber delivered to the M. & O. R. R. at Meridian by the N. O. & N. E. R. R. for Cairo and beyond are as follows:

G. & S. I. to Hattiesburg..... 6 cents.
N. O. & N. E. R. R., Hattiesburg to Meridian..... 3 cents.
M. & O. R. R., Meridian to Cairo..... 7 cents.

XVIII.

The lumber tonnage of the G. & S. I. R. R. for 1902 was 735,712 tons, out of a total tonnage of 825,892 tons; and for 1903, 841,686 tons out of a total tonnage of 962,213 tons.

The percentage of lumber tonnage of the total was in 1902 81.52 per cent.; in 1903, 79.63 per cent.

XIX.

It is agreed that the following statement is correct:

Comparative Statistical Data Based on Southern Railway Annual Reports for Years 1894-'5 *and* 1901-'2.

	1902.	1895.	Increase.	Increase.
Revenue tons June 30th.....	16,811,538 tons.	6,675,750 tons.	10,135,788	151.83%
Freight Locomotives at June 30th	598 Freight Locos.	397 Freight Locos.	201	50.63%
Total miles at June 30th.....	6,765.91	4,391.94	2,373.97	....
Mileage of Freight Engines...	12,198,409 miles.	6,768,236 miles.	5,430,173	80.23%
Engine performance per locomotive.....	20,398* miles.	17,048 miles.	3,350	19.65%
Number Tons One Mile.....	2,678,308,627 tons 1 mile.	1,098,932,884 tons 1 mile.	.....	.....
Tons One Mile per Engine.....	4,478,777	2,768,093	1,710,684	61.80%
Freight Earnings	$24,942,459.66	$10,816,023.52	$14,126,436.14	130.61%

* Does not include mixed train or other mileage.

1503 In the Annual Report of the Southern Railway Company for the year ended June 30, 1895, p. 5, it is stated:

"The equipment of the several lines of railway acquired by the Company was inadequate in amount, and much of it unsuitable in character and condition, even for the traffic of the past year of great depression, and contracts were therefore promptly made for additional and more modern equipment in order to reduce operating expenses, to provide in time for an increase in the volume of traffic and to secure the benefit of the low prices prevailing during the past year. The wisdom of this policy has been fully justified in all of these particulars."

XX.

Illinois Central Annual Report of Directors to Stockholders for the year ended June 30, 1903, Table No. 5, p. 14 shows that the percentage of company material transported to all freight transported was 13.98 per cent.

XXI.

It is shown by Illinois Central Railroad Co.'s annual report for the year ending June 30, 1903, page 3, as follows:

"During the year 63 new locomotives were bought, of which 7 replaced old ones disposed of and 56 constitute additions to the equipment."

"Eleven thousand one hundred and two new freight cars and two work cars were bought or built in the Company's shops. Of the new freight cars, 1,436 replaced old cars destroyed, or disposed of, and 9,666 were added to the equipment."

XXII.

The following compilation from the Statistics of Railways in the United States, and from Annual Report of Southern Railway Company for year ending June 30, 1905, is for convenience here tabulated:

1504 The Southern Railway Company, which was organized in 1894, has since said date, paid dividends as follows:

Year.	Dividends on common stock.	Rate.	Dividends on preferred stock.	Rate.
1895				
1896				
1897			$543,000.	1.00
1898			543,000.	1.00
1899			572,904	1.00
1900			1,800,000.	3.00
1901			2,400,000	4.00
1902			1,500,000	2.50
1903			4,500,000	7.50
1904			3,000,000	5.00
1905			3,000,000	5.00

Statistics of Rys. 1895, p. 576
Statistics of Rys. 1896, p. 575
Statistics of Rys. 1897, p. 560
Statistics of Rys. 1898, p. 566
Statistics of Rys. 1899, p. 581
Statistics of Rys. 1900, p. 565
Statistics of Rys. 1901, p. 567
Statistics of Rys. 1902, p. 576
Statistics of Rys. 1903, p. 580
Statistics of Rys. 1904, p. 584
Annual Report, Southern Ry. Co., 1905, p. 3

XXIII.

On page 16 of Annual Report of the Southern Railway Co., for year ended June 30, 1905, it is stated:

"It will be noted from the Classification of Tonnage Moved, Table 16, page 41, that during the year previous the low class traffic hauled, such as products of mines, products of forests, iron,—pig and bloom, rails, cement, brick, lime, etc., constituted 66.43 per cent. of the total traffic hauled, while for the present year that class of traffic amounted to only 64.44 per cent. of the total traffic moved."

XXIV.

The average rate per ton per mile of the Illinois Central on all classes of traffic for 1903 was 5.91 mills; for 1904, 6.07 mills; for 1905, 5.87 mills.

1505

XXV.

The Gulf & Ship Island Railroad Company's Annual Report, p. 5, for the year ended June 30, 1905, states:

"For the fiscal year ended June 30, 1905, gross earnings show an increase over the previous year, notwithstanding prolonged interruptions of traffic by almost unprecedented rains in January, February and April."

XXVI.

The following is taken from page 1 of Fifty Third Annual Report of Directors to Stockholders, of Illinois Central Railroad Company, for the year ended June 30, 1903, viz:

The number of miles of railroad operated by the Illinois Central Railroad Company on June 30, 1902, was.....	4,283.90
To which there was added, on December 21, 1902, the St. Louis & Ohio River Railroad.....	17.20
Making the number of miles of railroad in operation on June 30, 1903.....	4,301.10

The average number of miles of railroad operated during the year ended June 30, 1903, has been 4,292.98, against an average of 4,276.23 operated in the preceding year.

The following is a summary of the Company's business for the year ended June 30, 1903:

Gross Receipts from Traffic.....		$45,186,076 86
Expenses of Operation.....	$29,835,883 35	
Taxes	1,862,072 02	
		31,697,955 37
Income from Traffic, being the excess of Receipts over Expenses of Operation and Taxes.....		$13,488,121 49
Net Receipts from Sale of Lands.....		15,830 34
Income from Investments, and Miscellaneous Profits		3,445,317 51
Excess of Income over Expenses of Operation and Taxes		$16,949,269 34
From this there have been paid:		
Interest on Funded Debt, and Bonds drawn under Sinking Fund	$3,049,740 00	
Rent of Subsidiary Railroads....	3,170,136 21	
Total Fixed Charges.....		6,219,876 21
Net Income for the year ended June 30, 1903....		$10,729,393 13
Surplus Dividend Fund brought forward June 30, 1902, as shown in last Report.....		1,132,446 92
Amount Available		$11,861,840 05

This has been disposed of as follows:

96th Semi-Annual Cash Dividend, paid March 2, 1903.....	$2,851,200 00	
97th Semi-Annual Cash Dividend, payable September 1, 1903....	2,851,200 00	
		$5,702,400 00
Set apart from Income to provide for the difference between $3,-100,000 (£620,000) of Sterling Sinking Fund five per cent. Bonds, due April 1, 1903, and the $3,000,000 of three and one-half per cent. Gold Bonds, due 1951, which were issued in extension of a part of them.....	$100,000 00	
For Betterments	4,881,253 13	
		4,981,253 13
Carried forward to Surplus Dividend Fund, as of June 30, 1903, and set apart as applicable to future Dividends		1,178,186 92
		$11,861,840 05

1506 XXVII.

The following is taken from page 1 of the Fifty Fourth Annual Report of Directors to Stockholders, of Illinois Central Railroad Company, for the year ended June 30, 1904, viz:

The number of miles of railroad operated by the Illinois Central Railroad Company on June 30, 1903, was....		4,301.10
There have since been added the following:		
July 1, 1903, Main tracks at Council Bluffs, Ia., bought from Omaha Bridge & Terminal Railway Co.....	2.36	
August 18, 1903, East Cairo to Paducah, Ky..	31.89	
November 1, 1903, Gale to Thebes, Ill.....	1.67	
November 16, 1903, Christopher to Zeigler, Ill...	4.53	
January 3, 1904, Mounds to Olive Branch, Ill.	10.49	
June 28, 1904, Groves to Sand Ridge, Ill...	17.26	
		68.20
January 3, 1904, Trackage rights over Chicago & Eastern Illinois Railroad, Olive Branch to Thebes, Ill.		9.34
		4,378.64

Less:		
July 1, 1903, Moffat to Troy, Tenn., transferred to "Sidings"	4.60	
June 30, 1904, Straightening line between Waterloo and Fort Dodge, Ia.	.32	
		4.92
Making the number of miles of railroad in operation on June 30, 1904		4,373.72

The average number of miles of railroad operated during the year ended June 30, 1904, has been 4,340.35, against an average of 4,292.98 operated in the preceding year.

The following is a summary of the Company's business for the year ended June 30, 1904:

Gross Receipts from Traffic		$46,831,135 90
Expenses of Operation	$32,793,251 31	
Taxes	1,942,430 86	
		34,735,682 17
Income from Traffic, being the excess of Receipts over Expenses of Operation and Taxes		$12,095,453 73
Net Receipts from Sale of Lands		41,053 42
Income from Investments and Miscellaneous Profits		2,675,495 72
Excess of Income over Expenses of Operation and Taxes		$14,812,002 87
From this there have been paid:		
Interest on Funded Debt, and on St. Louis Division Prior Lien Bonds	$3,481,824 91	
Rent of Subsidiary Railroads	2,464,250 45	
Total Fixed Charges		5,946,075 36
Net Income for the year ended June 30, 1904		8,865,927 51
Surplus Dividend Fund brought forward June 30, 1903, as shown in last Report		1,178,186 92
Amount Available		$10,044,114 43
This has been disposed of as follows:		
98th Semi-Annual Cash Dividend, paid March 1, 1904	$2,851,200 00	
99th Semi-Annual Cash Dividend, payable September 1, 1904	2,851,200 00	
		$5,702,400 00

Advanced to the Dubuque & Sioux City R.R.Co., as explained below	$536,618 76	
Set apart for Betterments	2,579,328 75	
		3,115,947 51
Carried forward to Surplus Dividend Fund, as of June 30, 1904, and set apart as applicable to future Dividends		1,225,766 92
		$10,044,114 43

1507 XXVIII.

The following is taken from page 1 of the Fifty Fifth Annual Report of Directors to Stockholders, of Illinois Central Railroad Company, for the year ended June 30, 1905:

The number of miles of railroad operated by the Illinois Central Railroad Company on June 30, 1904, was	4,373.72
There was added on November 27, 1904, on account of diversion of the line at Cedar Falls, Iowa	.32
Making the number of miles of railroad in operation on June 30, 1905	4,374.04

The average number of miles of railroad operated during the year ended June 30, 1905, has been 4,373.91, against an average of 4,340.35 operated in the preceding year.

The following is a summary of the Company's business for the year ended June 30, 1905:

Gross Receipts from Traffic		$49,508,649 94
Expenses of Operation	$33,084,257 94	
Taxes	2,027,448 11	
		35,111,706 05
Income from Traffic, being the excess of Receipts over Expenses of Operation and Taxes		$14,396,943 89
Net Receipts from Sale of Lands		2,487 85
Income from Investments and Miscellaneous Profits		2,759,019 54
Excess of Income over Expenses of Operation and Taxes		$17,158,451 28

From this there have been paid:		
Interest on Funded Debt, and on St. Louis Division Prior Lien Bonds	$3,938,470 00	
Rent of Subsidiary Railroads, including therein the interest on all the bonds of leased or subsidiary railroads which are guaranteed by the Illinois Central R. R. Co.	3,084,639 30	
Total Fixed Charges		7,023,109 30
Net Income for the year ended June 30, 1905		$10,135,341 98
Surplus Dividend Fund brought forward June 30, 1904 as shown in last Report		1,225,766 92
Amount Available		$11,361,108 90
This has been disposed of as follows:		
100th Semi-Annual Cash Dividend, paid March 1, 1905, 3% regular and ½% extra	$3,326,400 00	
101st Semi-Annual Cash Dividend, payable September 1, 1905, 3% regular and ½% extra	3,326,400 00	
		$6,652,800 00
Discount on bonds sold, as explained below	$1,255,395 71	
Added to the Insurance Fund	500,000 00	
Set apart for Betterments	1,683,886 27	
		3,439,281 98
Carried forward to Surplus Dividend Fund, as of June 30, 1905, and set apart as applicable to future Dividends		1,269,026 92
		$11,361,108 90

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XXIX.

On page 2 of Annual Report of Illinois Central Railroad Company for year ended June 30, 1905, Directors to Stockholders, it is stated under head of "Dividend and Insurance Funds:"

"The Sum of $43,260, derived from interest on securities in the Surplus Dividend Fund, has been added to that fund, which now amounts to $1,269,026.92.

"The Insurance Fund, after the payment therefrom of all losses by fire, including $87,250.78 for freight cars exclusive of contents, burned at New Orleans, February 26, 1905 was augmented during the year through ordinary operations by $45,648.25, besides which, in view of the large additions to equipment and other insurable property, and of the sums possibly to be disbursed on account of the fire above referred to, there has been specially set apart from the Income of this year, and added to the Fund $500,000. The amount at credit of the Fund, June 30, 1905, as shown in Abstract G, was $2,152,919.41."

XXX.

On page 3 of Annual Report of Illinois Central Railroad Company for year ended June 30, 1905, Directors to Stockholders, it is stated under head of "Permanent Improvements:"

"In the betterment of the property there have been spent during the year $4,400,822.27, as set forth in detail in Table No. 1. Of this sum, $1,683,886.37 were paid from current income and $2,716,936 were charged to Capital."

XXXI.

The dividends declared by the Illinois Central Railroad Company have been as follows for the years named:

1898	5 per cent
1899	5 " "
1900	5½ "
1901	6 per cent
1902	6 " "
1903	6 " "
1904	6 " "
1905	7 " "

XXXII.

The following table is taken from page 2 of Annual Report of Illinois Central Railroad Company for the year ending June 30, 1905, Directors to Stockholders, viz:

Report for the Year Ended June 30, 1905.

As compared with the preceding year:

The average number of miles of railroad operated increased...	33.56	or	.77 per cent
Gross Receipts from Traffic increased	$2,677,514 04	"	5.72 "
Expenses of Operation increased.	291,006 63	"	.89 "
Taxes increased	85,017 25	"	4.38 "
Income from Traffic increased...	2,301,490 16	"	19.03 "
Net Receipts from Sale of Lands decreased	38,565 57	"	93.94 "
Income from Investments, and Miscellaneous Profits increased.	83,523 82	"	3.12 "
Excess of Income over Expenses of Operation and Taxes increased	2,346,448 41	"	15.84 "
Total Fixed Charges increased...	1,077,033 94	"	18.11 "
Net Income for the fiscal year increased	1,269,414 47	"	14.32 "
The amount available after deducting Fixed Charges increased	1,316,994 47	"	13.11 "
The amount of Dividends paid or set apart increased.....	950,400 00	"	16.67 "
The sum appropriated from Income for Betterments decreased	895,442 48	"	34.72 "
The sum appropriated from Income for other purposes increased	1,218,776 95	"	227.12 "
Surplus Dividend Fund has been augmented by	43,260 00	"	3.53 "

XXXIII.

Table No. 1, p. 11 of Annual Report of Illinois Central Railroad Directors to Stockholders, for year ended June 30, 1905, shows that the total expended for permanent improvements by said company during said fiscal year was $4,400,822.27.

XX-IV.

The following is taken from page 3 of Annual Report of Southern Railway Company, for the year ended June 30, 1904, viz:

1510 To the Stockholders of the Southern Railway Company:

The President and Board of Directors submit the following report of the operations of the Company for the year ended June 30, 1904:

Income Account.

	1904.	1903.	Increase.
Gross Earnings from Operation	$45,109,777 34	$42,354,059 76	$2,755,717 58
Operating Expenses and Taxes	33,115,467 12	30,989,139 88	2,126,327 24
Net Earnings from Operation	$11,994,310 22	$11,364,919 88	$629,390 34
Income from Other Sources	1,395,181 01	1,211,261 32	183,919 69
Total Income	$13,389,491 23	$12,576,181 20	$813,310 03
Interest and Rentals	$8,952,328 58	$8,446,040 60	$506,287 98
Other Deductions from Income	256,762 73	287,663 54	Dec. 30,900 81
Total Deductions	$9,209,091 31	$8,733,704 14	$475,387 17
Surplus Income over Charges	$4,180,399 92	$3,842,477 06	$337,922 86
Dividends on Preferred Stock:			
No. 11, two and one-half per cent., paid in April, 1903. No. 13, two and one-half per cent., paid in April, 1904	$1,500,000 00	$1,500,000 00	
No. 12, two and one-half per cent., paid in October, 1903, and Reserve for Dividend No. 14, two and one-half per cent., payable in October, 1904	1,500,000 00	1,500,000 00	
Total Dividends	$3,000,000 00	$3,000,000 00	
Surplus over Preferred Dividends	$1,180,399 92	$842,477 06	$337,922 86
Special Appropriations for Improvements and Betterments not to be Capitalized	773,806 38	135,000 00	638,806 38
Balance carried to credit of Profit and Loss	$406,593 54	$707,477 06	Dec. $300,883 52

Special appropriations for improvements not to be capitalized consist of cost of: reduction of grades and curvature, elimination of grade crossings, new shop and station buildings, strengthening bridges not requiring renewal, but needed for use of heavy motive power, new locomotives in anticipation of future renewals, and miscellaneous small improvements not producing revenue.

1511 XXXV.

The following is taken from page 3 of Annual Report of Southern Railway Company, for the year ended June 30, 1905:

To the Stockholders of the Southern Railway Company:

The President and Board of Directors submit the following report of the operations of the Company for the year ended June 30, 1905:

Mileage Operated.

The total mileage operated on June 30, 1905, was	7,195.32	miles.
The total mileage operated on June 30, 1904, was	7,196.82	"
A decrease of	1.50	"
The average number of miles operated during the fiscal year 1905, was	7,198.99	"
The average number of miles operated during the previous year, was	7,164.39	"

Income Account.

	1905.	1904.	Increase.
Gross Earnings from Operation	$48,145,108 15	$45,109,777 34	$3,035,330 81
Operating Expenses and Taxes	35,082,514 61	33,115,467 12	1,967,047 49
Net Earnings from Operation	$13,062,593 54	$11,994,310 22	$1,068,283 32
Income from Other Sources	1,612,840 44	1,395,181 01	217,659 43
Total Income	$14,675,433 98	$13,389,491 23	$1,285,942 75
Interest and Rentals	$9,290,433 41	$8,952,328 58	$338,104 83
Other Deductions from Income	233,368 57	256,762 73	Dec. 23,394 16
Total Deductions	$9,523,801 98	$9,209,091 31	$314,710 67
Surplus Income over Charges	$5,151,632 00	$4,180,399 92	$971,232 08
Dividends on Preferred Stock:			
No. 13, two and one-half per cent., paid in April, 1904; No. 15, two and one-half per cent., paid in April, 1905	$1,500,000 00	$1,500,000 00	
No. 14, two and one-half per cent., paid in October, 1904, and Reserve for Dividend No. 16, two and one-half per cent., payable in October, 1905	1,500,000 00	1,500,000 00	
Total Dividends	$3,000,000 00	$3,000,000 00	
Surplus over Preferred Dividends	$2,151,632 00	$1,180,399 92	$971,232 08
Special Appropriations for Improvements and Betterments not to be Capitalized	1,056,549 49	773,806 38	282,743 11
Balance carried to credit of Profit and Loss	$1,095,082 51	$406,593 54	$688,488 97

On page 4 of said Annual Report of Southern Railway Co., for year ended June 30, 1905, it is stated:

"Improvements and Betterments not to be capitalized: Improvements and Betterments not to be capitalized consist of: reduction of grades and curvature, elimination of grade crossings, new stations and other buildings, new bridges for use of heavier motive power replacing others not requiring renewal, and miscellaneous small improvements not producing revenue."

1512 XXXVI.

On p. 5 of Annual Report of Gulf & Ship Island Railroad Company for year ended June 30, 1904, it is stated:

"For the fiscal year ended June 30, 1904, gross earnings show an increase over the previous fiscal year, in which railroad revenues generally reached their maximum.

"In the first six months of 1904 there was a decided decline in the demand for lumber throughout the United States, owing to the closing down of car works and general financial stringencies, and a sympathetic weakening in the prices offered for export lumber also tended to decrease the output; but, notwithstanding those unfavorable conditions, we were able to keep our revenues up to the high level reached the year previous. This was mainly due to the fact that our mills had an outlet to foreign markets through Gulfport harbor, and to the material increase in passenger earnings."

XXXVII.

The following is taken from Abstract "H," Application of Income Annual Report of Illinois Central Railroad Company, Directors to Stockholders, year ended June 30, 1905, p. 8, viz:

Rent of C., St. L. & N. O. R. R.—				
Currency, Second Mortgage Sixes of 1907	$80,000 @ 6%	$4,800 00		
Gold Fives of 1951	16,555,000 " 5%	827,750 00		
Gold Three-and-a-halfs of 1951	1,359,000 " 3½%	47,565 00		
Gold, Memphis Division Fours of 1951	3,500,000 " 4%	140,000 00		
Gold, Bridge Bonds Fives of 1950	3,000,000 " 5%	150,000 00		
Gold, Louisville Division Three-and a-halfs of 1953	21,788,000 " 3½%	762,580 00		
Leased Line Stock	10,000,000 " 4%	400,000 00		
Sinking Fund for Cairo Bridge Bonds, December 1, 1904, and June 1, 1905	$20,000 00			
Trust Fund for C., St. L. & N. O. R. R. Co., December 1, 1904, and June 1, 1905	10,000 00			
		30,000 00		
Salaries of Trustees and others		325 00		
Rent of Cecelia Branch		40,000 00		
Rent of Line from Princeton to Gracey		12,039 70		
			$2,415,059 70	
Rent of Peoria, Decatur & Mattoon R. R. for nine months, from July 1, 1904, to March 31, 1905			98,335 68	
Rent of Dubuque & Sioux City R. R. (including $46,733.60 Sinking Fund on Gold, Western Lines Fours, and $10,000 Sinking Fund on Gold, Omaha Division Threes)		$938,243 92		
Less—				
Interest on Gold, Western Lines Fours of 1951, as above	$217,000 00			
Interest on Gold, Omaha Division Threes of 1951, as above	150,000 00			
		367,000 00	571,243 92	
				3,084,639,30

XXXVIII.

The term "Surplus" as used in Exhibit "G" to Bowes' Testimony, Commission Record, p. 854, and as used in Defendants' Court Testimony, page 237, Exhibit entitled "Statement of Receipts, Operating Expenses, etc. of the Main Line and Kosciusko Branch, Memphis Division, and Louisville Division of the Chicago, St. Louis & New Orleans Railroad" means the same as "Net Income" in the tabulation of Reports of Illinois Central Railroad Company
1513 south of Ohio River, made to and filed with the Interstate Commerce Commission from the year ended June 30th, 1891 to and including the year ended June 30, 1901, hereinafter set forth.

XXXIX.

The following statement is taken from Annual Report of the Mobile & Ohio Railroad Company for the year ended June 30, 1905, viz:

Income Account.

	1905.	1904.	Increase or decrease.
Miles of Road Operated.....	926 08	912.48	Inc. 13 60
Gross Earnings from Operation.....	$8,267,601 84	$7,739,706 26	Inc. $527,895 58
Operating Expenses and Taxes..	5,650,885 40	5,399,910 17	Inc. 250,975 23
Net Earnings from Operation.	$2,616,716 44	$2,339,796 09	Inc. $276,920 35
Income from Other Sources. .	127,336 00	123,030 00	Inc. 4,306 00
Total Income.....	$2,744,052 44	$2,462,826 09	Inc. $281,226 35
Interest and Rentals.....	$1,754,724 99	$1,677,587 75	Inc. $77,137 24
Other Charges against Income.	581,232 86	451,799 52	Inc. 129,433 34
Total Deductions... ...	$2,335,957 85	$2,129,387 27	Inc. $206,570 58
Balance Available Income....	$408,094 59	$333,438 82	Inc. $74,655 77
Dividend on Stock.....	242,824 00	121,412 00	Inc. 121,412 00
Balance carried to Credit of Profit and Loss.....	$165,270 59	$212,026 82	Dec. $46,756 23

On page 7 of said Annual Report of Mobile & Ohio Railroad Company for year ended June 30, 1905, it is stated:

"Cost of Road: No charge has been made to Capital Account during year."

The following statement is taken from page 8 of Annual Report of Mobile & Ohio Railroad Company for year ended June 30, 1905, viz:

Operating Accounts.

Earnings and Expenses.

The Earnings and Expenses, in comparison with those of the previous year, were as follows:

	1905.	1904.	Increase or decrease.	Per cent. of increase or decrease.
Miles of Road Operated.	926.08	912.48	Inc. 13.60	Inc. 1.49
Gross Earnings.....	$8,267,601 84	$7,739,706 26	Inc. $527,895 58	Inc. 6.82
Operating Expenses and Taxes:				
Maintenance of Way and Structures.....	$1,179,655 11	$1,203,487 75	Dec. $23,832 64	Dec. 1.98
Maintenance of Equipment.....	911,215 78	818,320 40	Inc. 92,895 38	Inc. 11.35
Conducting Transportation	3,108,940 76	2,958,622 02	Inc. 150,318 74	Inc. 5.08
General Expenses .	271,537 15	247,270 03	Inc. 24,267 12	Inc. 9.81
Taxes.....	179,536 60	172,209 97	Inc. 7,326 63	Inc. 4.25
Total.....	$5,650,885 40	$5,399,910 17	Inc. $250,975 23	Inc. 4.65
Net Earnings..... ...	$2,616,716 44	$2,339,796 09	Inc. $276,920 35	Inc. 11.84
Ratio of Operating Expenses and Taxes to Gross Earnings.....	68.35 %	69.77 %	Dec. 1.42 %	

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XL.

The following table is taken from page 2 of Annual Report of Illinois Central Railroad Company Directors to Stockholders, for the year ending June 30, 1904:

Report for the Year Ended June 30, 1904.

As compared with the preceding year:

The average number of miles of railroad operated increased..	47.37	or	1.10 per cent.
Gross Receipts from Traffic increased	$1,645,059 04	"	3.64 "
Expenses of Operation increased	2,957,367 96	"	9.91 "
Taxes increased.....	80,358 84	"	4.32 "
Income from Traffic decreased.	1,392,667 76	"	10.32 "
Net Receipts from Sale of Lands increased	25,223 08	"	159.33 "
Income from Investments, and Miscellaneous Profits decreased	769,821 79	"	22.34 "
Excess of Income over Expenses of Operation and Taxes decreased	2,137,266 47	"	12.61 "
Total Fixed Charges decreased.	273,800 85	"	4.40 "
Net income for the fiscal year decreased	1,863,465 62	"	17.37 "
The amount available after deducting Fixed Charges decreased	1,817,725 62	"	15.32 "
The sum appropriated from Income for Betterments decreased	2,301,924 38	"	47.16 "
Surplus Dividend Fund has been augmented by.....	47,580 00	"	4.04 "

XLI.

The following are the General Balance Sheets of the Illinois Central Railroad Company, for the fiscal years ended June 30, 1904, and June 30, 1905, taken from its Annual Report, Directors to Stockholders, viz:

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GENERAL BALANCE SHEET.

Abstract.				Abstract.			
A	RAILROADS AND EQUIPMENT		$184,736,442 24		CAPITAL STOCK		$ 95,040,000 00
	REAL ESTATE		324,160 61		LEASED LINE STOCK		10,000,000 00
B	MATERIAL AND SUPPLIES		2,774,360 78	E	FUNDED DEBT of Illinois Central R. R. Co.	$125,138,275 00	
C	STOCKS OWNED		6,584,067 59	K	FUNDED DEBT of Chicago, St. Louis & New Orleans R. R. Co.	16,234,000 00	141,372,275 00
D	BONDS OWNED		33,725,916 54		SET APART TO PROVIDE FOR DIVIDEND PAYABLE SEPTEMBER 1, 1904		2,851,000 00
F	ADVANCES ON ACCOUNT OF OTHER RAILROADS		4,297,537 90		PROFIT AND LOSS		3,160,069 12
				E	NET LIABILITIES		5,008,050 56
	ST. L., A. & T. H. R. R. AND SUBSIDIARY LINES SUSPENSE ACCOUNT	$3,328,300 00			STOCK AND FUNDED DEBT of ST. L., A. & T. H. and Subsidiary Lines	$3,328,300 00	
G	ASSETS IN INSURANCE FUND	1,607,271 16		G	INSURANCE FUND	1,607,271 16	
H	ASSETS IN SURPLUS DIVIDEND FUND	1,225,766 92		H	SURPLUS DIVIDEND FUND	1,225,766 92	
	ASSETS IN PENSION FUND	250,000 00	6,411,338 08		PENSION FUND	250,000 00	6,411,338 08
			$263,843,832 76				$263,843,832 76

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REPORT FOR THE YEAR ENDED JUNE 30, 1905.

GENERAL BALANCE SHEET.

Abstract.				Abstract.			
A	RAILROADS AND EQUIPMENT		$190,022,248 98		CAPITAL STOCK		$85,040,000 00
	REAL ESTATE		321,880 61		LEASED LINE STOCK		10,000,000 00
B	MATERIAL AND SUPPLIES		2,412,510 51	K	FUNDED DEBT of Illinois Central R. R. Co.	$127,625,275 00	
C	STOCKS OWNED		6,756,155 39	K	FUNDED DEBT of Chicago, St. Louis & New Orleans R. R. Co.	16,234,000 00	143,876,275 00
D	BONDS OWNED		48,656,348 82		SET APART TO PROVIDE FOR DIVIDEND PAYABLE SEPTEMBER 1, 1905		3,326,400 00
F	ADVANCES ON ACCOUNT OF OTHER RAILROADS		910,289 60		PROFIT AND LOSS		3,160,900 12
E	NET ASSETS		6,340,182 12				
	ST. L., A. & T. H. R. R. AND SUBSIDIARY LINES SUSPENSE ACCOUNT	$3,328,300 30			STOCK AND FUNDED DEBT of St. L., A. & T. H. and Subsidiary Lines	$3,328,300 00	
G	ASSETS IN INSURANCE FUND	2,152,010 41		G	INSURANCE FUND	2,152,010 41	
H	ASSETS IN SURPLUS DIVIDEND FUND	1,200,000 92		H	SURPLUS DIVIDEND FUND	1,200,000 92	
	ASSETS IN PENSION FUND	250,000 00	7,000,240 33		PENSION FUND	250,000 00	7,000,240 33
			$262,399,881 45				$262,399,881 45

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XLII.

The following tables are taken from Illinois Central Railroad Company's annual reports, Directors to Stockholders, for the years ended June 30,1904 and June 30,1905, viz:

TABLE No. 7.

COMPARATIVE STATEMENT of Traffic for the Years Ended June 30, 1904 *and* 1903.

	Year Ended June 30th.		Increase.	Per Cent of Increase or Decrease	Decrease.
	1904.	1903.			
Tons of Revenue Freight Carried	22,420,814	21,881,870	538,944	2.46	
Tons of Revenue Freight Carried One Mile	5,221,132,514	5,176,543,778	44,588,736	.86	
Average Distance Haul of One Ton	232.97 miles	236.57 miles		1.56	3.70 miles
Freight Receipts	$31,692,575.33	$30,592,094.32	$1,100,481.01	3.60	
Average Receipts per Ton	$1.41	$1.40	$0.01	.71	
Average Receipts per Ton per Mile	607-1000c	601-1000c	16-1000c	2.71	
Freight Receipts per Mile of Road	$7,301.85	$7,126.07	$175.78	2 47	
*Miles Run by Freight Trains	18,797,092	17,962,510	834,582	4.65	
Freight Receipts per Train Mile	$1.68 60-100c	$1.70 31-100c		1.00	1 71-100c
Number of Passengers Carried	22,563,613	21,231,607	1,332,006	6.27	
Number Carried One Mile	455,092,114	435,432,199	29,659,985	6.51	
Average Distance Traveled by each Passenger	21.50 miles	21.45 miles	0.05 miles	.23	
Passenger Receipts	$9,554,743.16	$8,977,228.09	$577,515.07	6.43	
Average Fare of each Passenger	$0.42 85-100c	$0.42 28-100c	7-100c	.17	
Average Receipts per Passenger per Mile	$0 01 970-1000c	$0.01 971-1000c		.08	1-1000c
Passenger Receipts per Mile of Road	$2,201.38	$2,091.14	$110.24	5.27	
Gross Receipts of Passenger Trains	$11,593,094.17	$11,044,338 23	$548,760.94	4.97	
Gross Receipts of Passenger Trains per Mile of Road	$2,671.00	$2,572.65	$98.35	3.82	
*Miles Run by Passenger Trains	11,303,640	11,273,982	29,658	.26	
Receipts of Passenger Trains per Train Mile	$1.02 56-100c	$0.97 96-100c	$0.04 60-100c	4.70	

* Includes Mileage of Mixed Trains.

TABLE No. 7.

COMPARATIVE STATEMENT of Traffic for the Years Ended June 30, 1905 *and* 1904.

	Year Ended June 30th.		Increase.	Per Cent of Increase or Decrease	Decrease.
	1905.	1904.			
Tons of Revenue Freight Carried	23,148,309	22,420,814	727,495	3.24	
Tons of Revenue Freight Carried One Mile	5,559,139,454	5,221,132,514	338,006,940	6.47	
Average Distance Haul of One Ton	240.15 miles	232.97 miles	7.28 miles	3.13	
Freight Receipts	$32,607,929.17	$31,692,575.33	$915,346.84	2.89	
Average Receipts per Ton	$1.41	$1.41			
Average Receipts per Ton per Mile	587-1000c	607-1000c		3.29	20-1000c
Freight Receipts per Mile of Road	$7,455.10	$7,301.85	$153.25	2.10	
*Miles Run by Freight Trains	17,425,682	18,797,092		7.29	$1,370,350
Freight Receipts per Train Mile	$1.87 11-100c	$1.68 60-100c	$0.18 51-100c	10.98	
Number of Passengers Carried	21,645,601	22,563,613		4.07	918,012
Number Carried One Mile	583,481,896	485,092,114	98,389,781	20.28	
Average Distance Traveled by each Passenger	26.96 miles	21.50 miles	5.46 miles	25.40	
Passenger Receipts	$10,729,825.37	$9,554,743.16	$1,175,082.21	12.30	
Average Fare of each Passenger	$0.49 57-100c	$0.42 85-100c	$0.07 29-100c	17.06	
Average Receipts per Passenger per Mile	$0.01 839-1000c	$0 01 970-1000c		6.65	131-1000c
Passenger Receipts per Mile of Road	$2,453.14	$2,201.38	$251.76	11.44	
Gross Receipts of Passenger Trains	$12,904,732.20	$11,503,094.17	$1,401,638.03	12.00	
Gross Receipts of Passenger Trains per Mile of Road	$2,970.96	$2,671.00	$299.96	11.23	
*Miles Run by Passenger Trains	11,646,068	11,303,640	342,428	3.02	

The following tables are taken from Illinois Central Railroad Company's annual reports, Directors to Stockholders, for the years ended June 30,1904 and June 30,1905, viz:

TABLE No. 7.

COMPARATIVE STATEMENT of Traffic for the Years Ended June 30, 1904 and 1903.

	Year Ended June 30th. 1904.	1903.	Increase.	Per Cent of Increase or Decrease	Decrease.
Tons of Revenue Freight Carried	22,420,814	21,921,870	498,944	2.45	
Tons of Revenue Freight Carried One Mile	5,221,136,514	5,176,543,778	44,592,736	.86	
Average Distance Haul of One Ton	232.87 miles	236.57 miles		1.56	3.70 miles
Freight Receipts	$31,692,575.55	$30,589,094.53	$1,103,481.01	3.60	
Average Receipts per Ton	$1.41	$1.40	$0.01	.71	
Average Receipts per Ton per Mile	607-1000c	601-1000c	10-1000c	1.71	
Freight Receipts per Mile of Road	$7,901.85	$7,126.07	$775.78	9.47	
*Miles Run by Freight Trains	18,797,032	17,963,510	834,522	4.65	
Freight Receipts per Train Mile	$1.68 60-100c	$1.70 31-100c		1.00	1 71-100c
Number of Passengers Carried	22,563,613	21,331,607	1,232,006	5.97	
Number Carried One Mile	455,092,114	455,433,199	39,658,965	8.51	
Average Distance Traveled by each Passenger	21.50 miles	21.45 miles	0.05 miles	.23	
Passenger Receipts	$9,554,743.16	$8,977,238.09	$577,515.07	6.43	
Average Fare of each Passenger	$0.42 98-100c	$0.42 81-100c	7-100c	.17	
Average Receipts per Passenger per Mile	$0.01 970-1000c	$0.01 972-1000c		.08	2-1000c
Passenger Receipts per Mile of Road	$2,201.38	$2,091.14	$110.24	5.27	
Gross Receipts of Passenger Trains	$11,585,094.17	$11,044,328.23	$540,765.94	4.97	
Gross Receipts of Passenger Trains per Mile of Road	$2,671.00	$2,572.66	$98.32	3.82	
*Miles Run by Passenger Trains	11,303,640	11,272,968	30,672	.26	
Receipts of Passenger Trains per Train Mile	$1.02 56-100c	$0.97 96-100c	$0.04 60-100c	4.70	

* Includes Mileage of Mixed Trains.

TABLE No. 7.

COMPARATIVE STATEMENT of Traffic for the Years Ended June 30, 1905 and 1904.

	Year Ended June 30th. 1905.	1904.	Increase.	Per Cent of Increase or Decrease	Decrease.
Tons of Revenue Freight Carried	23,143,309	22,420,814	737,495	3.94	
Tons of Revenue Freight Carried One Mile	5,559,139,454	5,221,136,514	338,002,940	6.47	
Average Distance Haul of One Ton	240.15 miles	232.87 miles	7.28 miles	3.13	
Freight Receipts	$32,607,020.17	$31,692,575.55	$915,340.64	2.89	
Average Receipts per Ton	$1.41	$1.41			
Average Receipts per Ton per Mile	587-1000c	607-1000c		3.29	20-1000c
Freight Receipts per Mile of Road	$7,455.10	$7,901.85	$158.25	2.10	
*Miles Run by Freight Trains	17,428,662	18,797,032		7.29	$1,370,370
Freight Receipts per Train Mile	$1.87 11-100c	$1.68 60-100c	$0.18 51-100c	10.99	
Number of Passengers Carried	21,645,501	22,563,613		4.07	918,012
Number Carried One Mile	553,481,895	455,092,114	98,389,781	20.38	
Average Distance Traveled by each Passenger	25.96 miles	21.50 miles	5.46 miles	25.40	
Passenger Receipts	$10,729,895.37	$9,554,743.16	$1,175,092.21	12.30	
Average Fare of each Passenger	$0.49 37-100c	$0.42 35-100c	$0.07 22-100c	17.05	
Average Receipts per Passenger per Mile	$0.01 889-1000c	$0.01 970-1000c	$951.70	6.05	131-1000c
Passenger Receipts per Mile of Road	$3,453.14	$2,201.38	$1,401,626.03	11.44	
Gross Receipts of Passenger Trains	$12,994,730.30	$11,585,094.17	$309.96	12.09	
Gross Receipts of Passenger Trains per Mile of Road	$2,970.96	$2,671.00	342,426	11.23	
*Miles Run by Passenger Trains	11,645,066	11,303,640	$0.09 69-100c	3.05	
Receipts of Passenger Trains per Train Mile	$1.11 58-100c	$1.02 56-100c		8.79	

* Includes Mileage of Mixed Trains.

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XLIII.

The following table is taken from Louisville & Nashville Railroad Company's Annual Report for the year ended June 30, 1905, p.7, viz:

GROWTH OF TRAFFIC.

The growth of traffic for the past ten years is shown by the following table:

Years.	Average Miles Operated	Gross Earnings	Operating Expenses	Net Earnings.	Gross Earnings Per Mile.	Operating Expenses Per Mile.	Net Earnings Per Mile.	Percentage of Expenses to Earnings.
1895-1896 ..	2,965 00	$20,390,711 47	$13,505,206 22	$6,885,505 25	$6,877 14	$4,554 88	$2,322 26	66.23
1896-1897 ..	2,980 93	20,372,307 65	13,849,218 04	6,523,089 61	6,834 22	4,645 95	2,188 27	67.98
1897-1898 ..	2,988 00	21,996,652 82	14,921,730 14	7,074,922 68	7,361 66	4,993 88	2,367 78	67.84
1898-1899 ..	2,988 16	23,759,485 69	15,731,587 68	8,027,805 01	7,951 21	5,264 64	2,686 57	66.21
1899-1900 ..	3,007 35	27,742,378 89	18,603,406 02	9,138,972 87	9,224 85	6,185 97	3,038 88	67.06
1900-1901 ..	3,169 27	*28,022,206 90	*18,233,033 50	9,789,173 40	*8,841 84	*5,753 07	3,088 77	65.07
1901-1902 ..	3,326 75	*30,712,257 37	*20,902,437 84	9,809,819 53	*9,231 91	*6,283 14	2,948 77	68.06
1902-1903 ..	3,438 93	*35,449,377 84	*23,970,812 44	11,478,565 40	*10,308 26	*6,970 43	3,337 83	67.62
1903-1904 ..	3,618 19	*36,943,792 73	*25,141,548 27	11,802,244 46	*10,210 37	*6,948 65	3,261 92	68.05
1904-1905 ..	3,826 31	*38,517,070 72	*26,490,020 97	12,027,049 75	*10,066 37	*6,923 12	3,143 25	68.77

* Freight on Company's property not included.

XLIv

The following table is taken from Annual Report of the New Orleans & Northeastern Railroad Company, for year ended June 30, 1904, pp.9 and 10, viz:

INCOME ACCOUNT.

GROSS EARNINGS.

	1902-03	1903-04	INCREASE Amount	INCREASE Per Cent.
Passenger	$476,861 61	$488,578 04	$11,716 43	2.46
Freight	1,684,110 47	1,760,553 20	96,442 73	5.80
Mail service	29,765 80	29,873 49	107 69	0.36
Express service	54,590 41	70,001 27	15,410 86	28.23
Miscellaneous	59,768 10	67,961 53	8,253 43	13.82
Totals	$2,285,036 39	$2,416,967 53	$131,931 14	5.77
Per mile of road	$11,684 30	$12,337 76	$673 46	

OPERATING EXPENSES AND TAXES.

	1902-03	1903-04	INCREASE Amount	INCREASE Per cent.
Maintenance of way	$460,392 66	$442,837 44	Dec. $17,555 22	3.81
Maintenance of equip't	386,706 02	403,824 19	37,025 24	10.00
Conducting transport'n	703,405 85	802,746 14	99,250 26	14.11
General expenses	75,511 82	83,909 77	8,397 95	11.12
	$1,606,199 25	$1,733,317 51	$127,118 26	7.91
Taxes	51,364 46	55,200 00	3,835 54	7.47
Totals	$1,657,563 71	$1,788,517 51	$130,953 80	7.90
Per mile of road	$8,461 27	$9,129 75	$668 48	.....
Net earnings	$627,472 68	$628,450 02	$977 34	.....

Railroad Company's Annual Report for the year ended June 30,1905.p.7,

viz:

GROWTH OF TRAFFIC.

The growth of traffic for the past ten years is shown by the following table:

Years.	Average Miles Operated	Gross Earnings	Operating Expenses	Net Earnings	Gross Earnings Per Mile	Operating Expenses Per Mile	Net Earnings Per Mile.	Percentage of Expenses to Earnings.
1895–1896 ..	2,965 00	$20,390,711 47	$13,505,206 22	$6,885,505 25	$6,877 14	$4,554 88	$2,322 26	66.23
1896–1897 ..	2,980.93	20,372,307 65	13,849,218 04	6,523,089 61	6,834 22	4,645 93	2,188 27	67.98
1897–1898 ..	2,988.00	21,996,652 82	14,921,730 14	7,074,922 68	7,361 66	4,993 88	2,367 78	67.84
1898–1899 ..	2,988.16	23,759,485 69	15,731,587 68	8,027,898 01	7,951 21	5,264 64	2,686 57	66.21
1899–1900 ..	3,007.35	27,742,378 89	18,603,406 02	9,138,972 87	9,224 85	6,185 97	3,038 88	67.06
1900–1901 ..	3,169 27	*28,022,206 90	*18,233,033 50	9,789,173 40	*8,841 84	*5,753 07	3,088 77	65.07
1901–1902 ..	3,326.75	*30,712,257 37	*20,902,437 84	9,809,819 53	*9,231 91	*6,283 14	2,948 77	68.06
1902–1903 ..	3,438.93	*35,449,377 84	*23,970,812 44	11,478,565 40	*10,308 26	*6,970 43	3,337 83	67.62
1903–1904 ..	3,618.19	*36,943,792 73	*25,141,548 27	11,802,244 46	*10,210 57	*6,948 63	3,261 92	68.05
1904–1905 ..	3,826.31	*38,517,070 72	*26,490,020 97	12,027,049 75	*10,066 37	*6,923 12	3,143 25	68.77

* Freight on Company's property not included.

XLIv

The following table is taken from Annual Report of the New Orleans & Northeastern Railroad Company, for year ended June 30, 1904,pp.9 and 10.viz:

INCOME ACCOUNT.

GROSS EARNINGS.

	1902-03	1903-04	INCREASE Amount	INCREASE Per Cent.
Passenger	$476,861 61	$488,578 04	$11,716 43	2.46
Freight	1,664,110 47	1,760,553 20	96,442 73	5.80
Mail service	29,765 80	29,873 49	107 69	0.36
Express service	54,590 41	70,001 27	15,410 86	28.22
Miscellaneous	59,708 10	67,961 53	8,253 43	13.82
Totals	$2,285,036 39	$2,416,967 53	$131,931 14	5.77
Per mile of road	$11,664 30	$12,337 76	$673 46	

OPERATING EXPENSES AND TAXES.

	1902-03	1903-04	INCREASE Amount	INCREASE Per cent.
Maintenance of way	$460,392 69	$442,837 44	Dec. $17,555 25	3.81
Maintenance of equip't	366,798 92	403,824 16	37,025 24	10.09
Conducting transport'n	703,495 85	802,746 14	99,250 29	14.11
General expenses	75,511 82	83,909 77	8,397 95	11.12
	$1,606,199 28	$1,733,317 51	$127,118 23	7.91
Taxes	51,364 46	55,200 00	3,835 54	7.47
Totals	$1,657,563 71	$1,788,517 51	$130,953 80	7.90
Per mile of road	$8,461 27	$9,129 75	$668 48	
Net earnings	$627,472 68	$628,450 02	$977 34	
" per mile of road	$3,203 03	$3,208 01	$4 98	
Expenses, including taxes, to earnings	72.54%	74.00%		
Expenses, excluding taxes, to earnings	70.29%	71.71%		

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Charges against Net Revenue.

	1902-03.	1903-04.
Interest on prior lien bonds	$ 79,[illegible].00	$ 79,[illegible].00
Interest on first mortgage bonds	6,000.00	6,000.00
Interest on general mortgage bonds	232,424.38	236,70[illegible].00
Interest on income mortgage bonds	67,500.00	67,5[illegible].00
Interest on current accounts	Cr. 11,461.08	Cr. 15,702.36
Totals	$373,663.30	$373,697.64
Net Revenue	627,472.68	628,450.02
Surplus	$253,809.38	$254,7[illegible].38

A dividend of 3 per cent on the registered common stock was paid November 2nd, 1903, from the net earnings of 1902-03.

There is an increase in gross earnings of $121,921.14 or 5.77 per cent, an increase in operating expenses and taxes of $13[illegible],9[illegible].30, or [illegible] per cent, and an increase in net earnings of [illegible]977.34.

The following [illegible] from the Report of the New Orleans [illegible] Belt [illegible] 2[illegible], [illegible] and 10, [illegible]

INCOME ACCOUNT.

GROSS EARNINGS.

	1903-04	1904-05	INCREASE Amount	INCREASE Per Cent.
Passenger	$488,578 04	$517,974 86	$29,396 82	6.02
Freight	1,760,553 20	1,810,039 58	49,486 38	2.81
Mail service	29,873 49	32,819 80	2,946 31	9.86
Express service	70,001 27	66,708 98	Dec. 3,292 29	4.70
Miscellaneous	67,961 53	136,232 98	68,271 45	100.46
Totals	$2,416,967 53	$2,563,776 20	$146,808 67	6.07
Per mile of road	$12,337 76	$13,087 17	$749 41	

OPERATING EXPENSES AND TAXES.

	1903-04	1904-05	INCREASE Amount	INCREASE Per Cent.
Maintenance of way	$442,837 44	$463,422 58	$20,585 14	4.65
Maintenance of equip't	403,824 16	425,014 70	21,190 54	5.25
Conducting transport'n	802,746 14	868,691 00	65,944 86	8.21
General expenses	83,909 77	88,093 62	4,183 85	4.99
	$1,733,317 51	$1,845,221 90	$111,904 39	6.46
Taxes	55,200 00	61,500 00	6,300 00	11.41
Totals	$1,788,517 51	$1,906,721 90	$118,204 39	6.61
Per mile of road	$9,129 75	$9,733 14	$603 39	.....
Net earnings	$628,450 02	$657,054 30	$28,604 28	.....
" per mile of road	$3,208 01	$3,354 03	$146 02	.....
Expenses, including taxes, to earnings	74.09%	74.37%	.....	.....
Expenses, excluding taxes, to earnings	71.71%	71.97%	.....	.....

Charges against Net Revenue.

	1903-04.	1904-05.
Interest on prior lien bonds	$ 79,200.00	$ 79,200.00
Interest on first mortgage bonds	6,000.00	6,000.00
Interest on general mortgage bonds	236,700.00	238,995.00
Interest on income mortgage bonds	67,500.00	67,500.00
Interest on current accounts Cr.	15,702.36 Cr.	14,064.23
Purchase of land	--------	15,300.00
Totals	$373,697.64	$392,930.77
Net Revenue	628,450.02	657,054.30
Surplus	$254,752.38	$264,123.53

A dividend of 3 per cent on the registered common stock was paid

December 1st 1904 from the net earnings of 1903-04

Passenger	$488,578 04	$517,974 86	$29,396 82	6.02
Freight	1,760,553 20	1,810,039 58	49,486 38	2.81
Mail service	29,873 49	32,819 80	2,946 31	9.86
Express service	70,001 27	66,708 98	Dec. 3,292 29	4.70
Miscellaneous	67,961 53	136,232 98	68,271 45	100.46
Totals	$2,416,967 53	$2,563,776 20	$146,808 67	6.07
Per mile of road	$12,337 76	$13,087 17	$749 41	

OPERATING EXPENSES AND TAXES.

	1903-04	1904-05	INCREASE	
			Amount	Per Cent.
Maintenance of way	$442,837 44	$463,422 58	$20,585 14	4.65
Maintenance of equip't	403,824 16	425,014 70	21,190 54	5.25
Conducting transport'n	802,746 14	868,691 00	65,944 86	8.21
General expenses	83,909 77	88,093 62	4,183 85	4.99
	$1,733,317 51	$1,845,221 90	$111,904 39	6.46
Taxes	55,200 00	61,500 00	6,300 00	11.41
Totals	$1,788,517 51	$1,906,721 90	$118,204 39	6.61
Per mile of road	$9,129 75	$9,733 14	$603 39	.....
Net earnings	$628,450 02	$657,054 30	$28,604 28	.....
" per mile of road	$3,208 01	$3,354 03	$146 02	.....
Expenses, including taxes, to earnings	74.00%	74.37%	.....	.....
Expenses, excluding taxes, to earnings	71.71%	71.97%	.....	.....

Charges against Net Revenue.

	1903-04.	1904-05.
Interest on prior lien bonds	$ 79,200.00	$ 79,200.00
Interest on first mortgage bonds	6,000.00	6,000.00
Interest on general mortgage bonds	236,700.00	238,995.00
Interest on income mortgage bonds	67,500.00	67,500.00
Interest on current accounts	Cr. 15,702.36	Cr. 14,064.23
Purchase of land	----------	15,300.00
Totals	$373,697.64	$392,930.77
Net Revenue	628,450.02	657,054.30
Surplus	$254,752.38	$264,123.53

A dividend of 3 per cent on the registered common stock was paid December 1st, 1904, from the net earnings of 1903-04.

There is an increase in gross earnings of $146,808.67, or 6.07 per cent., an increase in operating expenses and taxes of $118,204.39, or 6.61 per cent., and an increase in net earnings of $28,604.28.

1521 XLV.

The following is contained on pages 11 and 12 of the Annual Report of the New Orleans & Northeastern Railroad Company for the year ended June 30, 1904, viz:

"Expenses."

"The operating expenses include a liberal expenditure towards improving the physical condition and equipment of the property.

"The work of replacing light iron bridges with heavy steel structures and timber foundations with permanent piers was continued, and five new bridges were completed. 5.71 miles of additional side-tracks were constructed. 3,159 lineal feet of round pile revetment were driven at Lake Pontchartrain to protect the track against storms. Two 50,000 gallon steel water tanks were erected in replacement of old wooden tanks. A two-story frame hotel was constructed at the new freight terminal, Picayune, to accommodate train crews; one set of section houses, consisting of foreman's house and two laborers' houses was also built there. An additional cotton platform 166 feet by 320 feet was constructed in New Orleans. 42,671 cubic yards of material were used in widening embankments and raising grade; 55,640 cubic yards of gravel were used in repairing and strengthening ballasted track. A steel viaduct was constructed over the yard tracks at Meridian. An additional steam hammer and sundry new tools were supplied to Meridian shops.

"Maintenance of Way expenses include $70,273 for new steel bridges, $39,588 for additional sidings, $20,187 for Lake Pontchartrain revetment, $6,096 for additional buildings at Picayune, $3,030 for additional cotton platform at New Orleans, $7,569 for viaduct at Meridian.

"The principal additions to side-tracks were:

"Meridian Yard, 11,634 feet; Heidelberg, 846 feet; Lansing, 826 feet; Laurel, 1,412 feet; Yarborough, 753 feet; Hattiesburg, 5,825 feet; Hattiesburg Gravel Pit, 819 feet; Lumberton, 4,829 feet; Hillsdale 845 feet; Glade, 722 feet; Carriere, 1,282 feet; Richardson, 1,344 feet; Rosa, 600 feet; Picayune, 1,511 feet.

"Maintenance of Equipment includes $26,500 for renewal of engines, $18,810 for 20 new Rodger ballast cars, $2,935 for an
1522 additional express car, $38,775 part cost of 200 box cars purchased in 1902 under car trust plan, $2,559 for additional tools in Meridian shops and $5,000 towards new passenger cars ordered but not yet delivered. The expenses also include the cost of 34 box, 51 coal, 15 flat and 2 baggage cars, credited to replacement fund to take the place of a like number of cars broken up or disposed of.

"The cost of Conducting Transportation increased by 14.11 per cent., compared with an increase in train mileage of 5.94 per cent. This is partly owing to an increase of thirty per cent. in southbound empty car mileage consequent upon a considerable decrease in southbound shipments and an increase in northbound shipments. The

wages paid to employees were also on a higher scale than in the previous year."

The following is contained on pages 11 and 12 of the Annual Report of the New Orleans & Northeastern Railroad, for the year ending June 30, 1905, viz:

"Expenses."

"The operating expenses include a liberal expenditure towards improving the physical condition and equipment of the property.

"The work of replacing light iron bridges with heavy steel structures, and timber foundations with permanent piers was continued and 5 new bridges were erected during the year. There remain 1,295 feet of the original iron spans to be replaced, contracts for which have been let. 4.35 miles of additional side-tracks were constructed. 8,320 lineal feet of round pile revetment were driven at Lake Pontchartrain to protect the track against storms. Additional track scales were put in at Slidell and Meridian. One 30-foot bed planer and a drill press were supplied to Meridian shops.

"Maintenance of Way expenses include $131,166 for new steel bridges; $36,928 for additional sidings and $25,908 for Lake Pontchartrain revetment.

"The principal additions to side-tracks were:

"Meridian Yard, 7,144 feet; Arundel, 2,703 feet; Hawkes, 2,492 feet; Hattiesburg Gravel Pit, 862 feet; Okahola, 1,183 feet; Purvis, 1,004 feet; Enlo, 1,510 feet; Lumberton, 1,004 feet; Carriere, 1,702 feet; Picayune, 2,222 feet; Pearl River, 2,246 feet.

1523 "Maintenance of Equipment includes $30,000 for renewal of engines, $6,462 part cost (balance) of 200 box cars purchased in 1902 under car trust plan. $40,000 for new passenger cars and $4,600 for additional shop tools. The expenses also include the cost of 55 coal, 43 box, 31 flat and 3 caboose cars credited to replacement fund to take the place of a like number of cars broken up or disposed of.

"The cost of Conducting Transportation increased by 8.21 per cent., compared with an increase in train and switching mileage of 5.38 per cent. This is more than accounted for, however, by an increase in rents for additional terminal facilities in New Orleans. There is an increase in passenger train miles of 46,431, or 9.66 per cent.; an additional train was put on February 5th, 1905, between New Orleans and Meridian to improve the local service, to develop the vegetable and fruit express traffic and to relieve the through fast train of stops at small stations. There is an increase of 11.21 per cent. in the number of tons hauled one mile, whereas the increase in freight train mileage is only 4.24 per cent., the average weight hauled per mile being increased by 6.69 per cent.

"Effective January 1st, 1905, your company acquired the right to use jointly the property of the New Orleans Terminal Company, thus obtaining the use of export terminals at Chalmette and of convenient city freight terminals in New Orleans; a commodious union passenger station will be constructed fronting on Canal Street in the near

future. It is anticipated that through traffic over your road will be largely increased by means of these additional terminal facilities.

"On January 1st, 1905, the Saint Louis & San Francisco Railroad under a trackage contract with your company commenced the use of your tracks between Meridian and New Orleans for through traffic."

XLVI.

The following table is taken from Annual Report of the Alabama & Vicksburg Railway Company for the year ended June 30, 1904, pages 8 and 9, viz:

1524 *Income Account.*

Gross Earnings.

	1902–03.	1903–04.	Increase.	
			Amount.	Per cent.
Passenger	$313,958 14	$350,755 16	$36,797 02	11.72
Freight	720,795 09	814,443 67	93,648 58	12.99
Mail service	25,242 56	25,477 02	234 46	0.93
Express service	25,157 69	33,356 46	8,198 77	32.59
Miscellaneous	65,393 27	63,060 24	Dec. *2,333 03*	3.57
Totals	$1,150,546 75	$1,287,092 55	$136,545 80	11.87
Per mile of road	$8,045 78	$9,000 65	$954 87	.....

Operating Expenses and Taxes.

	1902–03.	1903–04.	Increase.	
			Amount.	Per cent.
Maintenance of way	$243,601 45	$258,912 84	$15,311 39	6.29
Maintenance of equip't	204,632 46	200,925 58	Dec. *3,706 88*	1.81
Conducting transport'n	336,241 08	464,209 70	127,968 62	38.06
General expenses	35,998 34	40,252 83	4,254 49	11.82
	$820,473 33	$964,300 95	$143,827 62	17.53
Taxes	28,500 00	30,113 94	1,613 94	5.66
Totals	$848,973 33	$994,414 89	$145,441 56	17.13
Per mile of road	$5,936 87	$6,953 95	$1,017 08	.....
Net revenue	$301,573 42	$292,677 66	Dec. *$8,895 76*	.....
Net revenue per mile	$2,108 91	$2,046 70	Dec. *$62 21*	.....
Expenses, including taxes, to earnings	73.79%	77.26%	.....	.....
Expenses, excluding taxes, to earnings	71.31%	74.92%	.....	.....

Charges against Net Revenue.

	1902–03.	1903–04.
Interest on V. & M. first mortgage bonds	$60,000 00	$60,000 00
Interest on consolidated first mortgage bonds	29,440 00	29,440 00
Interest on second mortgage bonds	29,975 00	29,975 00
Interest received	Cr. *20,564 18*	Cr. *21,056 41*
Lands purchased	41,409 27	10,939 10
Outlying lands settlement		8,379 60
	$140,260 09	$117,677 29
150 new freight cars		97,850 69
	$140,260 09	$215,527 98
Net revenue	$301,573 42	$292,677 66
Surplus	$161,313 33	$77,149 68

There is an increase in gross earnings of $136,545.80, or 11.87 per cent; an increase in operating expenses and taxes of $145,441.56, or 17.13 per cent, and a decrease in net earnings of $8,895.76, or 2.95 per cent.

1525 The following table is taken from Annual Report of the Alabama & Vicksburg Railway Company for the year ended June 30, 1905, pages 8 and 9, viz:

Income Account.

Gross Earnings.

	1903–04.	1904–05.	Increase.	
			Amount.	Per cent.
Passenger	$350,755 16	$394,536 68	$43,781 52	12.48
Freight	814,443 67	836,777 18	22,333 51	2.74
Mail service	25,477 02	30,233 23	4,756 21	18.67
Express service	33,356 46	36,040 38	2,683 92	8.05
Miscellaneous	63,060 24	60,455 22	Dec. *2,605 02*	4.13
Totals	$1,287,092 55	$1,358,042 69	$70,950 14	5.51
Per mile of road	$9,000 65	$9,496 80	$496 15	.....

Operating Expenses and Taxes.

	1903–04.	1904–5.	Increase.	
			Amount.	Per cent.
Maintenance of way	$258,912 84	$356,529 21	$97,616 37	37.70
Maintenance of equip't	200,925 58	188,174 99	Dec. *12,750 59*	6.35
Conducting transport'n	464,209 70	451,904 61	Dec. *12,305 09*	2.65
General expenses	40,252 83	44,643 00	4,390 17	10.81
	$964,300 95	$1,041,251 81	$76,950 86	7.98
Taxes	30,113 94	30,000 00	Dec. *113 94*	0.38
Totals	$994,414 89	$1,071,251 81	$76,836 92	7.73
Per mile of road	$6,953 95	$7,491 27	$537 32	.....
Net revenue	$292,677 66	$286,790 88	Dec. *$5,886 78*	.....
Net revenue per mile	$2,046 70	$2,005 53	Dec. *$41 17*	.....
Expenses, including taxes, to earnings	77.26%	78.88%	.....	.....
Expenses, excluding taxes, to earnings	74.92%	76.67%	.....	.....

Charges Against Net Revenue.

	1903–04.	1904–05.
Interest on V. & M. first mortgage bonds	$60,000 00	$60,000 00
Interest on consolidated first mortgage bonds	29,440 00	29,440 00
Interest on second mortgage bonds	29,975 00	29,975 00
Interest received	Cr. *21,056 41*	Cr. *22,661 04*
Lands purchased	10,939 10	6,244 30
Outlying lands settlement	8,379 60	.....
New freight cars	$117,677 29	$102,998 26
	97,850 69	59,962 60
	$215,527 98	$162,960 86
Net revenue	$292,677 66	$286,790 88
Surplus	$77,149 68	$123,830 02

There is an increase in gross earnings of $70,950.14, or 5.51 per cent.; an increase in operating expenses and taxes of $76,836.92, or 7.73 per cent., and a decrease in net earnings of $5,886.78, or 2.01 per cent.

1526

XLVII.

The reports of the Illinois Central Railroad Company south of the Ohio River made to and filed with the Interstate Commerce Commission show the net income of these lines since the year ended June 30, 1891, to the year ended June 30, 1901, to be as follows:

Year ended June 30th—	Road mileage.	Net income or deficit.	
1891	894.41	Deficit	$45,838.36
1892	894.41	"	480,945.46
1893	894.41	"	676,385.25
1894	894.41	"	155,229.71
1895	894.41	Net Income	299,967.64
1896	894.41	" "	119,656.51
1897	894.41	" "	240,502.60
1898	1,489.31	" "	764,556.09
1899	1,356.31	" "	106,434.09
1900	1,356.31	" "	892,903.27
1901	1,356.31	" "	1,482,891.28
Total net income for said 11 years			$2,548.512.70

These figures, however, embrace the Canton, Aberdeen & Nashville Railroad, 87.89 miles, and the Canton, Aberdeen & Nashville Railroad in Alabama, 7.84 miles, total 95.73 miles, which are not owned by the Chicago, St. Louis & New Orleans R. R. Company. On said roads for the said 11 years, there was a deficit of $298,381.42.

This sum having been deducted from the total net earnings of the roads south of the Ohio River in the above report, it is necessary, in order to arrive at the total earnings made by the Chicago, St. Louis & New Orleans Railroad Company, that said deficit be added to the foregoing sum of $2,548,512.70, which makes the total net earnings of the Chicago, St. Louis & New Orleans R. R. Co. for said period, viz., 11 years, $2,846,894.12.

The system of railroads owned and operated by the Central Company on June 30, 1905, was 4,374.04 miles.

1527

XLVIII.

The Capital Stock of the Southern Railway Company for fiscal years ended June 30th, has been as follows:

	Common.	Preferred.
1895	$120,000,000	$50,000,000
1896	120,000,000	54,300,000
1897	120,000,000	54,300,000
1898	120,000,000	57,290,400
1899	120,000,000	60,000,000
1900	120,000,000	60,000,000
1901	120,000,000	60,000,000
1902	120,000,000	60,000,000
1903	120,000,000	60,000,000
1904	120,000,000	60,000,000
1905	120,000,000	60,000,000

XLIX.

The following table taken from the Annual Reports of the Mobile & Ohio Railroad Company for the fiscal years ended June 30, 1902, 1903, 1904 and 1905, correctly sets forth the amounts deducted from income for improvements and betterments for years ending June 30th, viz:

Auditor's Office.

Statement of Amoun's Deducted from Income for Improvements and Betterments for Years Ending June 30th as Follows:

Items.	1902.	1903.	1904.	1905.
New Equipment	$289,038.77	$305,678.97	$397,428.30	$275,867.08
Ballasting	106,689.98	11,722.10	28,000.00	4,259.70
Raising and double-tracking	1.061.90			6.612.37
New side tracks	20,719.60	13,750.11	10,519.71	82,332.57
Paving		342.35	18.27	13,935.22
Engineering		3,156.61	2,031.26	
Change of Line			13,801.98	18,746.93
Water Station				1,363.34
Coaling Station				12,759.01
Repairing Belt Line				7,536.64
Reserves Bridge Renewal				50,000.00
" Reducing Grades				100,000.00
Real Estate				7,820.00
	417,510.25	334,650.14	451,799.52	581,232.86

1529

L.

The Annual Report of the Gulf & Ship Island Railroad Co., for the fiscal year ending June 30, 1904, states, pp. 5 and 6:

"The cotton crop promises to be as good as last year or better; and, by reasoning of the opening of our Silver Creek branch, we should handle fully 25 per cent. more cotton in the coming year than in the past, as that branch traverses the richest cotton section in the State with the exception of the Delta. Furthermore, cotton compresses have been esablished and put in operation at Columbia and will be started at Mount Olive.

"We have been steadily at work encouraging the truck farmers along our line to plant early vegetables, and especially peach trees. We hope to handle next spring from 300 to 400 cars of early vegetables, and anticipate a steady growth thereafter.

"Our passenger business is being given attention. Not only is our section increasing in population, but the Great Southern Hotel and the business of this port have advertised not only Gulfport, but the whole Gulf coast country, and there is a large immigration from the northern part of the State to this Coast, nearly all of which is handled by our road. Travel has greatly increased and our people are using the Pullman and parlor car facilities quite liberally."

LI.

The Annual Report of the Gulf & Ship Island Railroad Company, for the fiscal year ending June 30, 1905, p. 6, states:

"During the past year exports of naval stores have reached large proportions. Shipments were made to New York and to various European and South American cities, and the forwardings, all told, amounted to 130,000 barrels of rosin and 464,000 gallons of turpentine. The business affords every promise of continued and gratifying increases. The imports of the year included 13,000 tons of iron pyrites and other materials for fertilizer factories at Gulfport and in the interior."

(Signed) L. A. SHAVER &
T. M. MILLER,
Sp'l Ass't U. S. Dis't Att'y.
GREEN & GREEN,
Solicitors for the Int. State Com. Commission.
ED. BAXTER AND
S. F. ANDREWS,
For Def'ts,
By O. P. ANDERSON.

1530 *Depositions of J. T. Jones and Elisha Gee.*

No. —.

In the United States Circuit Court for the Eastern District of Louisiana. In Equity.

THE INTERSTATE COMMERCE COMMISSION
v.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

It is agreed, by and between the undersigned Solicitors for Complainant and for the Gulf & Ship Island Railroad Company, one of the defendants in the above entitled cause, that the answers of J. T. Jones, Elisha Gee and S. S. Bullis, to the interrogatories and cross-interrogatories hereto annexed, when made under oath before any Notary Public, or other person authorized by the laws of the State of Mississippi to administer oaths, may be read in evidence upon the hearing of said cause,—affidavit, commission and all mere matters of form for the taking of said depositions being hereby waived.

(Signed) T. M. MILLER,
Att'y for Complainant.

1531 Fisk & Robinson, New York and Boston.

Monthly Bulletin of Investments Referred to in Depositions of J. T. Jones & Elisha Gee, March, 1906.

Railroad Bonds.

The volume of transactions in Railroad Bonds during February was somewhat curtailed, although prices held firm or recorded only nominal recessions. The unprecedented use of funds for manufacturing purposes and for the handling of agricultural products is the only deterrent to a broad demand for investment issues.

That a portion of the funds so actively employed in business will return to the investment market with an increment of interest or earnings is apparent. Meanwhile, as a result of sound business conditions the intrinsic value of well secured railroad bonds will steadily increase.

Call money as we go to press is quoted at from four to four and a half per cent. Time money is quoted at from five to five and a half per cent. for all periods.

Government Bonds.

The steady demand for 2's which was noted in our last Bulletin continued throughout February, and resulted in an advance of about ¼ of 1 per cent. to 103⅝. On and after March 1st, when the 2

per cent. bonds will be quoted ex ½ per cent. interest, payable April 1st, the price will doubtless look cheap to some prospective buyers. This will probably result in further buying on the part of banks, and with buying of any consequence the market should advance further.

There was considerable demand for 4's of 1907, to be substituted in Washington for 2's held to secure circulation and public deposits. This caused the price of that issue to advance sharply, and bonds at the close of the month were 103⅝ bid, compared with 103⅛ bid on February 1st. The supply of 3's of 1898 was quite limited, and there were in consequence few exchanges of that issue for 2's.

At the present writing $1,400,000 bonds have been withdrawn from the Treasury Department during the month, and that amount of circulation retired. The net increase in circulation for the month amounted to about $5,000,000, making the total now outstanding $548,000,000. Receipts of the Treasury Department continue to exceed the disbursements, and the surplus for the month, up to and including February 26th, was $2,700,000. The total receipts for the fiscal year to date have been about $30,000,000 greater than for the corresponding period in 1905. The net increase, owing to larger disbursements, is about $25,000,000.

Louisiana & Arkansas Railway.

The January tonnage and earnings of this Company were the largest in its history, and the development of new enterprises promises well for the future. Interests affiliated with the road have recently increased their timber holdings, thus insuring additional tonnage. A new mill will be operated south of Packton and a second mill at Jena is under consideration. One of the most experienced railroad men in the country recently stated that, in his opinion, the Louisiana & Arkansas Railway was the most carefully operated road in the Southwest.

Kansas City Viaduct & Terminal Railway.

All the concrete construction is completed, including the piers for the Kaw River bridge. Large accumulations of bridge material are available for immediate use and the erection of the steel superstructure is being vigorously prosecuted. The engineers expect that it will be possible to have the main viaduct open by October.

1532 ### The Kansas City-Western Railway.

In pursuance of its policy of substantially improving the property the company has approved plans for relocating its lines at three points, aggregating 4.64 miles, eliminating sharp curves, heavy grades and dangerous crossings. In addition a second track will be laid south of Popes, Kansas, and important improvements made both in Kansas City, Kansas, and in Leavenworth. The rolling stock of the Company is being put in first-class condition and new subur-

ban cars have been ordered in anticipation of a large increase in business during the coming summer.

New Orleans Great Northern Railroad.

In spite of the unprecedented rain fall good progress has been made in the construction of the New Orleans Great Northern Railroad northward from Slidell. Of the 73 miles of right of way already secured 63.9 miles have been cleared. Twenty-five miles of grading and track laying have been completed northward, and bridge construction is under way for practically 40 miles beyond.

While only that portion of the road formerly known as the East Louisiana Railroad, 49.51 miles long, is under operation, it is interesting to note that for four months ended October 31st, the gross earnings were $53,381; net earnings, $16,605, and surplus over interest on bonds issued to acquire that property, $9,855.

Gulf & Ship Island Railroad.

The Gulf & Ship Island Railroad, by reason of its favorable location, is getting a substantial share of the benefits of the great developments now going on in the south. One of the large timber properties located on the road has been purchased by interests that will increase the output from about 50,000 feet to 150,000 or 200,000 feet per day. A number of new sawmills are opening up along the railroad. The exports of lumber during January were the largest in the history of the road, amounting to over 27,000,000 feet. The dock facilities at Gulfport are taxed to their utmost to meet the demands of ships awaiting cargoes. The earnings continue to show large increases over corresponding periods of last year. Gross earnings for the first half of February were at the rate of nearly $200,000 for the month, against $128,000 last year.

1533 We make the following offerings subject to previous sale and adjustment to the market.

City of New York Registered Tax Exempt Fifty-Year Gold 4's.

Interest May and November. Due November, 1955.

Issuable in denominations of $10 or any multiple thereof.

Executors, administrators, guardians and others holding trust funds are authorized by law to invest in this issue.

A legal investment for savings banks in the states of New York, New Jersey and Pennsylvania.

Price upon application.

City of New York Tax Exempt Fifty Year Gold 3½'s.

Interest May and November. Due November, 1954.

Issuable in denominations of $1,000; coupon or registered form optional, interchangeable at will after purchase.

Executors, administrators, guardians and others holding trust funds are authorized by law to invest in this issue.

A legal investment for savings banks in the states of New York, New Jersey and Pennsylvania.

Price upon application.

City of New York Tax Exempt Gold 3's.

Various maturities. Prices on application.

Morris & Essex Railroad Company (Lackawanna System) First Consolidated Mortgage 7's.

Interest June and December. Due June, 1915.

This company owns the railroad from Phillipsburg to Hoboken, New Jersey, where it affords tide-water outlet and terminal facilities to the Delaware, Lackawanna & Western to which it is leased in perpetuity in consideration of the lessee company's guaranty of principal and interest on bonds and 7 per cent. on the capital stock.

The consolidated 7's are secured on the entire line, subject to first mortgage 7's due 1914, to retire which a sufficient amount of this issue is reserved. Authorized, $25,000,000; outstanding $11,677,000. Listed on the New York Stock Exchange.

A legal investment for savings banks in the states of New York, New Jersey, Connecticut and New Hampshire.

Price 127½ and interest yielding about 3.50 per cent.

Chicago & Erie Railroad Company (Erie System) First Mortgage Gold 5's.

Interest May and November. Due May, 1982.

This is the Erie Railroad Company's line into Chicago. The bonds have first lien on 250 miles of road from Marion, Ohio, to the Illinois state boundary near Hammond, Ind., including equipment and freight yards, and are also secured by pledge of a one-fifth stock interest in the Chicago & Western Indiana and Belt Railway terminal properties in Chicago. Erie general lien 4's are reserved to retire these bonds at maturity. Authorized and issued, $12,000,000. Listed on the New York Stock Exchange.

In the fiscal year 1905 the Erie system reported total revenue applicable to fixed charges amounting to $13,631,219, as against an annual average of $14,791,580 for the three years 1903-1905.

Fixed charges of 1905 absorbed $9,224,623, leaving $4,406,596 of net divisible income. Dividends at the rate of 4 per cent. per annum are now paid on first and second preferred shares.

A legal investment for savings banks in the state of Maine.

Price 121½ and Interest, yielding about 4.08 per cent.

Buffalo & Susquehanna Iron Company Twenty-Year Five Per Cent. Gold Debentures (with Mortgage Provision).

Interest March and September. Due January, 1926.

This issue is to provide for purchase of additional ore properties and additional working capital. It participates in the security of any subsequent mortgage equally with bonds issued thereunder. Authorized, $1,500,000; issued, $1,000,000. Entire issue subject to call at 105 and interest after September 1, 1910. The company has outstanding $3,000,000 first mortgage five per cent. gold bonds due June 1, 1932, which will be retired $100,000 each year, beginning June 1, 1907.

The plant is situated on the lake front at Buffalo, New York, and has connections with all lines centering at that point. The company owns a leasehold in iron mines in the Mesabi range near Hibbing, Minnesota, and at Iron Mountain, Michigan, with an estimate total tonnage of 30,000,000, and operates under lease coking coal properties in Pennsylvania at Tyler and Sykeville.

One furnace has been in operation since September, 1904, and the second since July, 1905.

The net earnings from operation are at the rate of $500,000 per annum, based on an average daily output of about 700 tons of pig iron. Fixed charges including interest on the Debenture bonds amount to $225,000 yearly.

Price 98 and Interest, yielding about 5.16 per cent.

Keystone Telephone Company of Philadelphia First Mortgage Gold 5's.

Interest January and July. Due July, 1935.

The company holds a charter from the commonwealth of Pennsylvania granting perpetual rights of operation throughout the Union, together with a franchise—also perpetual—from the city of Philadelphia. It controls, through ownership of the Keystone State Telephone & Telegraph Company, about 40 municipal and township franchises. Through latter company has connections with long distance lines commanding points in central and eastern Pennsylvania, central New Jersey, Maryland, Delaware and West Virginia.

The first mortgage fives have direct lien on all franchises, plant and other property of the company, including the Keystone State Telephone & Telegraph Company's entire share capital.

From July 1, 1908, issue is subject to call as an entirety only,

at 108 and interest. Authorized, $10,000,000; issued, $4,000,000; the balance being reserved under restrictions for the acquisition of telephone property and for future developments. Listed on the New York and Philadelphia Stock Exchanges.

Gross receipts calendar year 1905, $790,222; 1904, $686,043. Amount available for interest charges in 1905 after all deductions, including renewal reserve fund, $306,143; in 1904, $259,005. Interest charges on the $4,000,000 bonds outstanding amount to $200,000 per annum.

Price 100 and Interest, yielding 5.00 per cent.

1534 Central of Georgia Railway Company Consolidated Mortgage Gold 5's.

Interest May and November. Due November, 1945.

The consolidated fives are the first obligation on 584 miles of road, including the Montgomery and Birmingham divisions, besides the leases of the Augusta & Savannah and Southwestern railroads, an additional 386 miles, and upon the stock of the New England & Savannah Steamship Company and other valuable securities. They have a second lien on 699 miles, comprising the main line from Savannah to Atlanta, the Mobile and Macon & Northern divisions and other extensions to the system; and are further secured, following prior liens, by stocks and bonds in excess of $4,000,000 par value, representing controlling interests in affiliated companies. The consolidated mortgage is to cover all railway lines and property subsequently acquired. Outstanding, $16,700,000. Total amount authorized, $18,500,000, the unissued bonds being reserved for betterments and equipment for the property covered by the mortgage, not more than $500,000 thereof to be issued in any fiscal year. Listed on the New York Stock Exchange.

Revenue available for interest, fiscal year 1905, $2,965,453; average 1903-1905, $2,553,331. Interest on funded debt calls for $1,672,044. Five per cent. was declared on $15,000,000 first, second and third preference income bonds in August of the current year.

Price 114 and Interest, yielding about 4.26 per cent.

Louisiana & Arkansas Railway Company First Mortgage Gold 5's.

Interest March and September. Due September, 1927.

Secured by first lien on 187 miles of line running from Hope, Ark., to Jena, La., with all equipment and other property. Issued $3,000,000. A sinking fund of $55,000 per annum will accrue from September 1, 1907, from which date the whole issue may be redeemed in entirety at 110 and interest. Listed on the New York Stock Exchange.

Revenue applicable to interest, from an average of 167 miles operated, year ended June 30, 1905, $337,722. Interest on funded debt as now constituted calls for $150,000 per annum. Surplus fiscal year 1905, $201,522.

Special circulation upon application.

Price 104½ and interest, yielding about 4.67 per cent.

St. Louis, Iron Mountain & Southern Railway Company (Missouri Pacific System) Unifying and Refunding Mortgage Gold 4's.

Interest January and July. Due July, 1929.

Secured on 1429 miles of road, with equipment, terminals and other property—following the general consols of 1931—also upon 500 miles of controlled lines, subject to four millions of underlying bonds, practically all of which, together with the stock issues of the controlled companies, are held by the trustee under this mortgage; additionally secured by pledge of other bonds, aggregating $29,000,000 par value, in which are included $23,668,000 Texas & Pacific income 5's, the second lien on that company's mileage between New Orleans and Sierra Blanca, Texas. Outstanding, $30,392,000. Listed on the New York Stock Exchange.

Net income applicable to interest, St. Louis, Iron Mountain & Southern proper, fiscal and calendar year 1904, $8,052,497; 1903, $7,809,200; average, 1902-1904, $7,812,685. Total present interest charges, $3,963,688. Dividends have ranged from 6 per cent. per annum in 1900 to 10 per cent., the yearly rate since 1902.

Price 93¼ and Interest, yielding about 4.47 per cent.

Gulf & Ship Island Railroad Company First Mortgage Refunding and Terminal Gold 5's.

Interest January and July. Due February, 1952.

This company operates 280 miles of standard gauge railway in southern Mississippi, connecting Jackson, the capital, with Gulfport, the state's only deep water seaport. In addition to its line of railroad, the company owns extensive terminals at Gulfport, which have cost over $2,000,000. The bonds are secured by a first mortgage on the entire property, including the terminals and all equipment. Authorized, $5,000,000; issued, $4,984,000. A sinking fund equivalent to 1 per cent. of the par value of the amount outstanding became operative January 2, 1905, to purchase bonds at 110 or less; bonds so purchased to be kept alive in the sinking fund as an investment. Bonds cannot be drawn. Listed on the New York Stock Exchange.

Gross receipts for the year ended June 30, 1905, $1,883,618; average, 1901-1905, $1,567,906 annually. Net income, 1905, $486,376; interest charges, $246,881. Dividends at the rate of 4 per cent. per annum are paid on $6,000,000 capital stock. A legal investment for savings banks in the state of New Hampshire. Special circular upon application.

Price 104 and Interest, yielding about 4.78 per cent.

Wabash Railroad Company First Mortgage Gold 5's.

Interest May and November. Due May, 1939.

Secured on the lines extending from Toledo, Detroit and Chicago to East St. Louis, Hannibal, Quincy and Keokuk, and from Moberly

to Ottumwa in Iowa, about three-fifths of the total mileage, covering all terminals, property and rolling stock; subject only to $1,089,000 prior divisional mortgages on 500 miles west of the Missouri river, to meet which at maturity, or whenever exchange can be made, a corresponding amount of the issue is reserved. Outstanding, $33,011,000. Listed on the New York Stock Exchange.

Total net income year ended June 30, 1905, $4,104,872, as against an annual average of $4,737,349 in the five years 1901-1905. Bond interest in 1905 absorbed $3,468,572.

Price 115½ and Interest, yielding about 4.14 per cent.

United States bonds and other investment securities bought and sold at net prices.

Commission orders on the New York Stock Exchange executed for cash. Telegrams covering actual orders for purchase or sale may be sent at our expense.

Deposit accounts from Corporations, Firms and Individuals received subject to sight draft. Interest allowed on daily balances and on money deposited pending investment.

FISK & ROBINSON,
Bankers and Dealers in Investment Securities.

35 Cedar Street, New York.
28 State Street, Boston.

1535 In the United States Circuit Court for the Eastern District of Louisiana. In Equity.

No. —.

THE INTERSTATE COMMERCE COMMISSION
v.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

Interrogatories to J. T. Jones and Answers.

Int. I.

State whether or not you are the President or Auditor of the Gulf & Ship Island Railroad Company. If yes, how long have you been such President or Auditor?

Answer to Interrogatory I.

I am, and have been President of the Gulf & Ship Island Railroad Co. for about eleven years.

Int. II.

Were you not connected with or interested in the Bradford Construction Company? If yes, in what way?

Answer to Interrogatory II.

I am President of the Bradford Construction Company.

Int. III.

Do you know who did the work of building the Gulf & Ship Island Railroad Company's railroad from Gulfport to Hattiesburg? If yes, who did so and under what contract?

Answer to Interrogatory III.

About twenty miles of Gulf & Ship Island Railroad had been completed and was under operation by Receiver Jones P. Stewart when I became interested in the development of southern Mississippi, and my recollection is that the Gulf & Ship Island Railroad Company contracted with the Bradford Construction Company to
1536 complete and extend the line to Hattiesburg, Miss. This was in 1897, I believe.

Int. IV.

If you shall say that the Bradford Construction Company built or had a contract for the building of the said railroad from Gulfport to Hattiesburg or for any part of the way, please attach the contract or a copy of same to your answer hereto.

Answer to Interrogatory IV.

The Gulf & Ship Island Railroad Co. had a contract with the Bradford Construction Co. covering the completion of the line between Gulfport and Hattiesburg, but it has become misplaced and I am unable to attach the same, or a copy, to my answer.

Int. V.

Did or not the Gulf & Ship Island Railroad Company have a contract or contracts with the Bradford Construction Company for the construction of any part of the lines of railway now owned by the Gulf & Ship Island Railroad Company? If yes, please attach the said contract or contracts, or copies thereof, to your answer to this Interrogatory.

Answer to Interrogatory V.

The Gulf & Ship Island Railroad had contracts with the Bradford Construction Co. covering the completion and construction of all its lines. The construction under the older contracts was completed some years ago, and the contracts have become misplaced. My recollection, however, is that they were in substance similar to the one we now have with them covering the construction of the line from Mendenhall to Columbia, a copy of which has been filed with you by Mr. Gee.

Int. VI.

If the Gulf & Ship Island Railroad Company had any contracts with others than the Bradford Construction Company for the Construction of all or any part of its present railroad, please attach such contracts to your answer to this Interrogatory. Or, if you
1537 have no such contracts in your possession or under your control, then please state the terms thereof as nearly as you can remember and the amount paid out to contractors for such construction.

Answer to Interrogatory VI.

The Gulf & Ship Island Railroad Co. did not have any contracts with others than the Bradford Construction Company for the construction of any of its lines.

Int. VII.

How much money was actually paid out by the Gulf & Ship Island Railroad Company for the construction of its railroads and bridges, including the cost of rails and other material?

Answer to Interrogatory VII.

I am unable to state the exact amo-nt of cash paid out for construction prior to November 1st. I do know that for quite a period the earnings of the road were not sufficient to pay its expenses and that the interests I was connected with were continually called upon for advances of moneys in various sums. Since November 1st, 1901, there has been $3,374,519.43 paid out.

Int. VIII.

How much money has come into the hands of the Gulf & Ship Island Railroad since the work of construction began, other than those from receipts of operation, that is to say, freight, passenger, mail and express transportation?

Answer to Interrogatory VIII.

Our Auditor, Mr. Gee, is more familiar with the details and will reply in full.

Int. IX.

Please attach to your answers to these interrogatories your existing lumber tariff.

Answer to Interrogatory IX.

I do not understand that we have any individual lumber tariff other than our local tariff on all commodities.

1538 Int. X.

Please examine the printed document hereto attached headed, "Monthly Bulletin of Investments," and the statement on the second page thereof purporting to show miles operated, gross earnings, operating expenses and taxes, total net income, fixed charges and surplus of the Gulf & Ship Island Railroad Company for the month ended January 31, 1906, for the month ended January 31, 1905, for the 7 months ended January 31, 1906, and for the 7 months ended January 31, 1905, and state whether or not the same is true and correct, and if you shall say that the same is untrue or incorrect, then please state in what particulars the same is untrue or incorrect.

Answer to Interrogatory X.

Mr. Gee will reply to the correctness of the figures shown.

Int. XI.

The said Bulletin purports to have been issued by Fisk & Robinson, Bankers, etc., New York and Boston. Do you know from what source they obtained the information therein relating to the Gulf & Ship Island Railroad Company? If yes, what?

Answer to Interrogatory XI.

The information shown in the Bulletin was given Messrs. Fisk & Robinson by our Auditor, Mr. Gee.

Int. XII.

What is the length of the main line of the Gulf & Ship Island Railroad Company extending from Gulfport to Jackson, Mississippi, and what branch or other lines does it own or operate and what is the mileage of each?

Answer to Interrogatory XII.

The main line of the Gulf & Ship Island Railroad Company
1539 extending from Jackson, Miss., to Gulfport, Miss., is 160.50 miles. It owns and operates branch lines, Maxie, Miss., to Columbia, Miss., 48.75 miles; Saratoga, Miss., to Laurel Miss., 41.75 miles; Mendenhall, Miss., to Silver Creek, Miss., 28.77 miles.

Int. XIII.

Is there any difference between the main line and branches in respect to construction,—that is to say, as to weight and quality of rails, grades, curves, station houses, etc., etc., If yes, what is the difference?

Answer to Interrogatory XIII.

With the exception of rail on the main line, there is very little difference between its present condition and that of the branches. The main line is laid with 75 pound (120.14 miles) and 65 pound (40.36 miles) rail and is in good condition. The branches are laid with 56 and 60 pound rail, and are also in good condition. During the past two years, much work has been done in reducing grades, filling trestles, widening banks and fills, ballasting, and in fact we are doing all we can to complete the entire line to standard. We are building new depots, station houses, etc., and the branches are receiving their share of such improvements.

XIV.

If the Gulf & Ship Island owns a branch railroad from Laurel to Saratoga, please state what the same cost. Either for purchase money or construction, or both.

Answer to Interrogatory XIV.

I remember that the Gulf & Ship Island Railroad Company entered into a contract with the Bradford Construction Company for the construction and completion of its branch from Laurel to Saratoga and my impression is that the contract provided for payment in stock and bonds under an arrangement similar to the
1540 present contract we have with them for the construction of the Mendenhall branch.

Int. XV.

Was the railroad now belonging to or operated by the Gulf & Ship Island Railroad Company, extending from Maxie, or other point on its main line, to Columbia, Miss., formerly known as the Columbia, Lumberton & Gulf Railroad Company? If yes, how,

when and at what price did the Gulf & Ship Island Railroad Company acquire the same?

Answer to Interrogatory XV.

My recollection is that the Gulf & Ship Island Railroad Company had a contract with the Bradford Construction Co. for the construction and completion of the line from Maxie to Columbia, Miss., and that the payment for the same was to be made in stock and bonds. I cannot now locate the contract.

Int. XVI.

Did or not N. G. Scott build a part of the railway of your Company between Laurel, or some point beyond Laurel, and Saratoga, or some point on the main line? If yes, how much did he build and what was he paid for same?

Answer to Interrogatory XVI.

I believe that N. G. Scott had a sub-contract with the Bradford Construction Co. covering construction between Laurel and Saratoga, but I do not remember its terms or how much was paid to him by the Bradford Construction Co.

Int. XVII.

Did or not one Alexander build any part of the line of railway belonging to the Gulf & Ship Island Railroad Company between Maxie and Columbia? If yes, how much and what was he paid for the same?

1541 Answer to Interrogatory XVII.

I believe Alexander had a sub-contract with the Bradford Construction Company covering construction between Maxie and Columbia, but do not remember its terms or the amount of money paid him by the Bradford Construction Co.

Int. XVIII.

What amount of money has been paid by the Gulf & Ship Island Railroad Company to the Bradford Construction Company for building or equipping any part of the railroad of the Gulf & Ship Island Railroad Company? If yes, how much and what for?

Answer to Interrogatory XVIII.

My recollection is that the Gulf & Ship Island Railroad Company made no cash payments to the Bradford Construction Co. but that stock and bonds were issued to them for building and equipping its lines.

Int. XIX.

Are you able to state what amount of money has come into the hands of the Gulf & Ship Island Railroad Company since the work of construction was begun from subscriptions to stock, sale of land and sale of bonds? If yes, how much from each source?

Answer to Interrogatory XIX.

The first issues of stock and bonds were turned over to the Bradford Construction Co. for construction and completion of lines and no cash was realized on them. Of our First Refunding and Ter-

minal bonds issued in January, 1902, we sold 2250 at 90¢ netting the Gulf & Ship Island $2,025,000, and in the past two or three years the Capital Stock of the Company has been increased by 10,000 shares, all of which, to carry on the work of improving the road and completing the harbor, I bought at par paying
1542 therefor $1,000,000. The Gulf & Ship Island Railroad Company realized, I believe, about $250,000 for sale of lands. Most of this land was sold to the Bradford Construction Company some years ago. At that time the Gulf & Ship Island Railroad Company was having a struggle to exist there was no demand for its land-receipts were not equal to expenditures and it was necessary to raise additional funds in that manner. While the lands were sold to, and paid for, by the Bradford Construction Co., the deeds to them were not made by the railroad until sold to other parties by the Construction Company.

Int. XX.

If you are able to do so, please state how much money was received from said sources prior to the beginning of construction and state when the work of construction was begun and continued.

Answer to Interrogatory XX.

I have no information to answer the first part of this question. Construction on the lines of the Gulf & Ship Island Railroad was, I believe, begun prior to 1885.

Int. XXI.

Have you in your possession any annual reports of the President or Board of Directors of the Gulf & Ship Island Railroad Company to its stockholders for any years prior to 1904? If yes, please attach same to your answer hereto.

Answer to Interrogatory XXI.

There were no annual reports made prior to the year ended June 30, 1902. Mr. Gee has filed copies for the years subsequent to that date and prior to 1904.

Int. XXII.

Can you state approximately what it has cost to build
1543 and equip the main and branch lines of the Gulf & Ship Island Railroad, and how much of such cost has been paid from receipts from operation? If yes, please state it.

Answer to Interroga-ry XXII.

Up to June 30, 1905, it has cost in stock, bonds, cash and other obligations, more than $12,528,175.05 to construct and equip the Gulf & Ship Island Railroad that is shown as its "Cost of road and equipment" to that date. Under the issuance of its "First Refunding and Terminal Mortgage" in January, 1902, holders of the prior General Mortgage bonds, in consideration of $100,000.00 capital stock then issued to them, and to provide necessary funds for carr-ing on the work of dredging the channel to Ship Island, the anchorage basin at Gulfport, building piers at Gulfport, relaying the main line with heavy rail, making other additional improvements to roadway, etc., consented to a cancellation of $1,800,000 of the

General Mortgage bonds. This cancellation reduced the outstanding bonded debt from $4,550,000 to $2,750,000 and placed in the treasury of the Company $2,250,000 of bonds for these improvement purposes. Had this arrangement not been made the Gulf & Ship Island Railroad could not have carried on the immense work at Gulfport which has proven to be of great benefit to the lumber interests of southern Mississippi by giving them an additional outlet for foreign markets in addition to those of the interior.

Int. XXIII.

Can you state what it has cost, on the average, and amount in excess of $20,000.00 per mile to build and equip the main line and branch lines of the Gulf & Ship Island Railroad? If yes, please state how you get the figures.

1544 Answer to Interrogatory XXIII.

I believe it has cost an amount greatly in excess of $20,000.00 per mile to build and equip the main line and branches of the Gulf & Ship Island Railroad Company, I have no data at hand to verify the figures of former years' construction, but will say that up to January 31, 1906, the cost to that date to the Bradford Construction *Construction* Co. to build the 28.77 miles from Mendenhall to Silver Creek has been $656,941.55, which amount to $22,834.26 per mile of road built. There is other work yet to be done *with* will materially add to the figures shown.

Int. XXIV.

What is the average distance that lumber moving to the northern connections of the Gulf & Ship Island Railroad Company is carried by the latter, and is not the through rate uniform without regard to distance over the line of the Gulf & Ship Island Railroad?

Answer to Interrogatory XXIV.

I believe the average distance that lumber delivered to its northern connection moves over the Gulf & Ship Island is about 90 miles. The through rate is uniform without regard to distance hauled over the Gulf & Ship Island Railroad.

(Signed) J. T. JONES, *President.*

STATE OF MISSISSIPPI, *Harrison County, City of Gulfport:*

Sworn to and subscribed before me this 28th day of April, 1906.

(Signed) H. C. ELDER,

[SEAL.] *Notary Public.*

1545 *Interrogatories to S. S. Bullis.*

Int. I.

Please state your place of residence and occupation.

Int. II.

Were you at one time connected with the management of the Gulf & Ship Island Railroad Company and with the Bradford Construction Company? If yes, when, during what length of time and in what capacity?

Int. III.

Did you or not have any thing to do with the construction or equipment of the Gulf & Ship Island Railroad Company? If yes, to what extent and in what way?

Int. IV.

Can you state, approximately, what it has cost the Gulf & Ship Island Railroad Company to construct its line of railway, including cost of right-of-way, bridges, switches, etc., between Gulfport and Jackson, Miss.? If yes, state what?

Int. V.

Do you know, approximately, what it cost to construct the railway of the Gulf & Ship Island Railroad Company between Hattiesburg and Jackson, and between Laurel and Saratoga and between Maxie and Columbia? If yes, state each, and state your means of information.

Int. VI.

1546 Are you able to say whether the main line and branches of the Gulf & Ship Island Railroad Company have cost the Company more or less than $20,000 per mile? If yes, state whether the cost exceeded or fell below $20,000 per mile? And state, as nearly as you can, your means of information.

Int. VII.

Do you know what character of rails has entered into construction of the Gulf & Ship Island Railroad Company's road, both main line and branches, weight and equality, and whether new or second hand being meant.

Int. VIII.

If you know, please state, approximately, what part of the expense of construction the Gulf & Ship Island Railroad is represented by excavation and what part by rails, ties, bridges and culverts.

(Signed) T. M. MILLER,
Solicitor for Complainant.

1547 *Contract.*

This contract, entered into this 28th day of January, 1903, by and between the Bradford Construction Company, hereinafter known as the Construction Company, and the Gulf & Ship Island Railroad Company, hereinafter known as the Railroad Company.

Witnesseth, that the said Construction Company hereby agrees to construct for the said Railroad Company that branch line of Railroad now in contemplation by the said Railroad Company, to run from Mendenhall in Simpson County, Mississippi, through the county of Laurence, to Columbia in Marion County, Mississippi, a distance of about sixty (60) miles, upon such line and route as may be determined upon and designated by the Chief Engineer of the said Railroad Company?

The said Construction Company covenants and agrees that it will complete the said branch line of Railroad in a neat and workmanlike manner, according to the plans and specifications now in course of preparation, and to be furnished by the Chief Engineer of the said Railroad Company, and which when completed and furnished shall be appended to this contract and become a part hereof.

The said Construction Company shall obtain all necessary rights of way, which in no case shall be less than one hundred (100) feet wide and where practicable two hundred (200) feet wide, with the necessary grounds for depots, turnouts, sidings, switches and other facilities for the proper maintenance and conduct of the said branch railroad, and will build and construct all such depots, water tanks, sidings, turnouts, switches, and other appliances and facilities along said branch line as shall be needed and specified by the said Chief Engineer in the plans and specifications aforesaid. In case it shall become necessary to condemn any right of way, the Railroad
1548 Company agrees that the proceedings for so doing may be taken in its name, and the said condemnation proceedings shall be attended to by the attorneys of the said Railroad Company, free of fees to the said Construction Company. All rights of way, whether acquired by purchase, condemnation, or otherwise, shall be taken originally in the name of the Gulf & Ship Island Railroad Company?

In constructing the said branch line of railway, the said Construction Company shall grade, grub and clear the right of way, furnish and lay all necessary cross ties and iron, and shall build such bridges, culverts, trestles, cattle guards, and such other structures, appliances and appurtenances as may be shown and designated upon the said plans and specifications to be furnished as aforesaid by the Chief Engineer.

Inasmuch as the said Railroad Company has expended certain sums of money, in and about the purchase and acquirement of right of way, and grading and otherwise constructing the said line of road aforesaid, and has entered into contracts with certain persons with reference to the construction thereof, the said Construction Company covenants and agrees that it will reimburse and pay to the said Railroad Company all such sums of money as it may have expended in

and about the purchase of the said right of way and in and about the grading and constructing of the said branch line of Railroad and for the doing of any work thereon, and will hold the said Railroad Company harmless from any and all claims of any and all persons whatsoever, by reason of the said contracts so made by it.

The Construction Company covenants and agrees that it will complete and deliver to the said Railroad Company the First thirty (30) miles of the said branch line of railroad, to wit, from Mendenhall to Silver Creek, Mississippi, on or before January 1st, 1904, and the residue of said branch line of Railroad to be completed in such reasonable time thereafter as the Railroad Company or its Chief Engineer may designate or require.

The Construction Company further covenants and agrees
1549 that as each five (5) miles of road shall be completed and bonds and stock hereinafter mentioned issued in payment thereof, the said Railroad Company shall be at liberty to use the amounts so completed and paid for and to run its trains for the transportation of passengers and freight over the same, but the said Railroad Company shall not be held to have accepted any portion of said road until the whole of the said thirty (30) miles from Mendenhall to Silver Creek, Mississippi, shall have been completed, inspected and accepted by the Chief Engineer or the said Railroad Company, and the said Construction Company agrees that at the conclusion of the construction of the said branch from Mendenhall to Silver Creek, it will turn over and deliver the same to the Railroad Company free of all claims, charges and liens of any and every character whatsoever.

The Railroad Company on its part covenants and agrees that it will sell to the Construction Company the fifty-six (56) and sixty (60) pound steel rail now being taken up off its main line and branches at and for the price of — Dollars ($18.00) per ton, delivered free of cost to the said Construction Company at such point on the line of said Branch Road from Mendenhall to Silver Creek as said Construction Company may specify and that the said fifty-six (56) and sixty (60) pound steel rail so sold by the said Railroad Company to the said Construction Company may be used by the latter in the construction of the Branch Line of railroad forming the subject of this contract.

The Railroad Company further covenants and agrees that for the construction of the said branch line of railroad as hereinbefore provided, it will pay unto the said Construction Company Twenty Thousand Dollars ($20,000) of the capital stock and Twenty Thousand Dollars ($20,000) of the Second Construction and Terminal five per cent. Gold Bonds of the said Railroad Company for each and every mile of the said branch so constructed, in accordance with the terms thereof, which said bonds shall be secured by the
1550 Second Construction and Terminal five per cent. Gold Mortgage, the form of which was reported to and provided by the Board of Directors of the Railroad Company on the 28th day of January, 1903, said bonds, and stock shall be issued as each sec-

tion of five (5) miles of the said branch road shall be constructed, and upon the certificate of the Chief Engineer and the President or one of the Vice Presidents of the Railroad Company, that said section of five (5) miles has been completed according to the specifications of the Chief Engineer, and to the satisfaction of said officers of the said Railroad Company. In case the last section of this contract shall be less than five (5) miles, then stock and bonds shall be issued for such section ratably as aforesaid.

In case of any disagreement or dispute between the Construction Company and the Railroad Company as to the terms of this contract, or as to the sufficiency of any work done by the Construction Company under the terms hereof, the same shall be referred to the Chief Engineer of the Railroad Company, who shall render a decision in writing, which shall have the force of an award, and shall forever bind the parties hereto.

Witness, our signatures this 28th day of January, 1903.

THE BRADFORD CONSTRUCTION COMPANY,

Per —— ——.

THE GULF & SHIP ISLAND RAILROAD COMPANY,

Per —— ——.

1551 In the United States Circuit Court for the Eastern District of Louisiana. In Equity.

No. —.

THE INTERSTATE COMMERCE COMMISSION
v.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

Interrogatories to Elisha Gee and Answers.

Int. I.

State whether or not you are the President or Auditor of the Gulf & Ship Island Railroad Company. If yes, how long have you been such President or Auditor?

Answer to Interrogatory No. I.

I am, and have been Auditor of the Gulf & Ship Island Railroad Company for about four years.

Int. II.

Were you *are* not connected with or interested in the Bradford Construction Company? If yes, in what way?

Answer to Interrogatory No. II.

I became connected with the Bradford Construction Company in February, 1903 as local Auditor.

Int. III.

Do you know who did the work of building the Gulf & Ship

Island Railroad Company's railroad from Gulfport to Hattiesburg? If yes, who did so and under what contract?

1552 Answer to Interrogatory No. III.

I understand that the construction of the Gulf and Ship Island Railroad Company between Gulfport and Hattiesburg was completed by the Bradford Construction Company but of such, I have no personal knowledge.

Int. IV.

If you shall say that the Bradford Construction Company built or had a contract for the building of the said railroad from Gulfport to Hattiesburg or for any part of the way, please attach the contract or a copy of same to your answer hereto.

Answer to Interrogatory No. IV.

I have been unable to locate any contract covering the construction of the Gulf & Ship Island Railroad between Gulfport and Hattiesburg among the files of the Gulf & Ship Island Railroad Company.

Int. V.

Did or not the Gulf & Ship Island Railroad Company have a contract or contracts with the Bradford Construction Company for the construction of any part of the lines of railway now owned by the Gulf & Ship Island Railroad Company? If yes, please attach the said contract or contracts, or copies thereof, to your answer to this Interrogatory.

Answer to Interrogatory No. V.

The only contract that I have a personal knowledge of covers the construction of what is known as the Mendenhall Branch and I have attached a copy of the same hereto.

Int. VI.

If the Gulf & Ship Island Railroad Company had any contracts with others than the Bradford Construction Company for the

1553 construction of all or any part of its present railroad, please attach such contracts to your answer to this Interrogatory. Or, if you have no such contracts in your possession or under your control, then please state the terms thereof as nearly as you can remember and the amount paid out to contractors for such construction.

Answer to Interrogatory VI.

I have no knowledge of any contracts for construction of Gulf & Ship Island Railroad lines other than shown in my answer to Interrogatory No. 5.

Int. VII.

How much money was actually paid out by the Gulf & Ship Island Railroad Company for the construction of its railroad and bridges, including the cost of rails and other material?

Answer to Interrogatory No. 7.

The books of the Gulf & Ship Island Railroad Company between the period of January, 1897 and October 31, 1901 do not clearly define between the expenditures for construction, improvement and

operation, and I am unable to state what amount of cash was paid for actual construction during that period. Since November 1st, 1901, the Gulf & Ship Island Railroad Company has actually paid out in cash for construction and equipment the sum of $3,374,519.43.

Int. VIII.

How much money has come into the hands of the Gulf & Ship Island Railroad since the work of construction began, other than those from receipts of operation, that is to say, freight, passenger, mail and express transportation?

Answer to Interrogatory No. VIII.

From November 1st, 1901 the Gulf & Ship Island Railroad Company has received from sources other than earnings from operation the sum of $3,135,363.21. Prior to November 1st, 1901 the
1554 books show receipt from sale of lands $249,568.90. For details of the sources of said receipts see answer to Interrogatory 23.

Int. IX.

Please attach to your answers to these interrogatories your existing lumber tariff.

Answer to Interrogatory No. IX.

The Gulf & Ship Island Railroad Company has no individual lumber tariff. It has, however, a local tariff covering the movement of all commodities between local stations on its line and has concurred in lumber tariffs issued by some of its connections.

Int. X.

Please examine the printed document hereto attached headed, "Monthly Bulletin of Investments," and the statement on the second page thereof purporting to show miles operated, gross earnings, operating expenses and taxes, total net income, fixed charges and surplus of the Gulf & Ship Island Railroad Company for the month ended January 31, 1906, for the month ended January 31, 1905, for the 7 months ended January 31, 1906 and for the 7 months ended January 31, 1905, and state whether or not the same is true and correct, and if you shall say that the same is untrue or incorrect, then please state in what particulars the same is untrue or incorrect.

Answer to Interrogatory No. X.

The printed document "Monthly Bulletin of Investments" referred to wherein is shown miles operated, gross earnings, operating expenses and taxes, total net income, fixed charges and surplus of the Gulf and Ship Island Railroad Company for the months ended January 31st, 1906 and 1905 and for the seven months ended January 31st, 1906 and 1905 is correct.

1555 Int. XI.

The said Bulletin purports to have been issued by Fisk & Robinson, Bankers, etc., New York and Boston. Do you know from what source they obtained the information therein relating to the Gulf & Ship Island Railroad Company? If yes, what?

Answer to Interrogatory No. XI.

The information shown in the Bulletin referred to was furnished Messrs. Fisk & Robinson by my office.

Int. XII.

What is the length of the main line of the Gulf & Ship Island Railroad Company extending from Gulfport to Jackson, Mississippi, and what branch or other line does it own or operate and what is the mileage of each?

Answer to Interrogatory No. XII.

The length of the main line of the Gulf and Ship Island Railroad from Gulfport to Jackson, Miss., is 160.50 miles. It owns and operates branch lines, Maxie, Miss., to Columbia, Miss., 48.75 miles; Saratoga, Miss., to Laurel, Miss., 41.75 miles; Mendenhall, Miss., to Silver Creek, Miss., 28.77 miles.

Int. XIII.

Is there any difference between the main line and branches in respect to construction,—that is to say, as to weight and quality of rails, grades, curves, station houses, etc., etc.? If yes, what is the difference?

Answer to Interrogatory No. XIII.

I have not examined the physical condition of the Gulf & Ship Island Railroad Company and cannot answer regarding any
1556 difference between the construction of its main line and branches.

Int. XIV.

If the Gulf & Ship Island owns a branch railroad from Laurel to Saratoga, please state what the same cost. Either for purchase money or construction, or both.

Answer to Interrogatory No. XIV.

The books of the Gulf & Ship Island Railroad Company show that in December, 1900 it issued to the Bradford Construction Company $5,000,000 of stock and bonds as payment to cover the construction and completion of the branch from Saratoga to Laurel and construction of the main line from Hattiesburg to Jackson and equipment as per contract.

Int. XV.

Was the railroad now belonging to or operated by the Gulf & Ship Island Railroad Company, extending from Maxie, or other point on its main line, to Columbia, Miss., formerly known as the Columbia, Lumberton & Gulf Rail Road Company? If yes, how, when and at what price did the Gulf & Ship Island Railroad Company acquire the same?

Answer to Interrogatory No. XV.

That part of the Gulf and Ship Island Railroad extending from Maxie to Columbia was being operated as the Columbia branch by the Gulf and Ship Island Railroad Company when I entered its service in March, 1902. The books of the Gulf and Ship Island Railroad Company show that in December, 1900 it issued to the

Bradford Construction Company for the Construction and completion of this branch, stock and bonds amounting to $2,000,000.

Int. XVI.

Did or not N. G. Scott build a part of the railway of your Company between Laurel, or some point beyond Laurel, and Sara-
1557 toga, or some point on the main line? If yes, how much did he build and what was he paid for same?

Answer to Interrogatory No. XVI.

I cannot find any record of contract between N. G. Scott and the Gulf and Ship Island Railroad Company for building any of its lines.

XVII.

Did or not one Alexander build any part of the line of the railway belonging to the Gulf & Ship Island Railroad Company between Maxie and Columbia? If yes, how much and what was he paid for the same?

Answer to Interrogatory No. XVII.

I cannot find any record of contract between Alexander and the Gulf and Ship Island Railroad Company for building any of its lines.

Int. XVIII.

What amount of money has been paid by the Gulf & Ship Island Railroad Company to the Bradford Construction Company for building or equipping any part of the railroad of the Gulf & Ship Island Railroad Company? If yes, how much and what for?

Answer to Interrogatory No. XVIII.

The books of the Gulf & Ship Island Railroad Company do not show any payment of money to the Bradford Construction Company for building or equipping any part of its lines, but they do show payment in stock and bonds, as follows:—

January, 1897. For construction and completing the line from Gulfport to Hattiesburg:

Stock	$1,400,000
Bonds	1,050,000

1558

December, 1900. For constructing and completing the branch from Maxie to Columbia:

Stock and Bonds	$2,000,000

December, 1900. For constructing and completing the branch from Laurel to Saratoga and main line from Hattiesburg to Jackson, and equipment:

Stock and Bonds	$5,000,000
Total	$9,450,000

Int. XIX.

Are you able to state what amount of money has come into the hands of the Gulf & Ship Island Railroad Company since the work of construction was begun from subscriptions to stock, sale of land and sale of bonds? If yes, how much from each source?

Answer to Interrogatory No. XIX.

As stated in Interrogatory No. 8, prior to November 1st, 1901 the books show $249,568.90 as receipts from sales of lands, and from November 1st, 1901 to June 30th, 1905, there have been received from subscription and sale of Stock and Bonds, $3,025,000.00.

Int. XX.

If you are able to do so, please state how much money was received from said sources prior to the beginning of construction and state when the work of construction was begun and continued.

Answer to Interrogatory No. XX.

The books in my possession do not date back of January, 1897 and I am unable to answer this question.

1559 Int. XXI.

Have you in your possession any annual reports of the President or Board of Directors of the Gulf & Ship Island Railroad Company to its stockholders for any years prior to 1904? If yes, please attach same to your answer hereto.

Answer to Interrogatory No. XXI.

There is no record of annual reports being made prior to the year ended June 30th, 1902, and I attach hereto copy for that year, and for the year ended June 30th, 1903.

Int. XXII.

Can you state approximately what it has cost to build and equip the main and branch lines of the Gulf & Ship Island Railroad, and how much of such cost has been paid from receipts from operation? If yes, please state it.

Answer to Interrogatory No. XXII.

The actual net cost of the Gulf and Ship Island Railroad Company for building and equipping its main line and branches was, to June 30, 1905 as shown by its account, Cost of Road and equipment $12,528,175.05, of which there has been paid out of receipts from operation $239,156.22.

Int. XXIII.

Can you state that it has cost, on the average, an amount in excess of $20,000.00 per mile to build and equip the main line and branch lines of the Gulf & Ship Island Railroad? If yes, please state how you get the figures.

Answer to Interrogatory No. XXIII.

I can state that up to June 30, 1905, it has cost the Gulf & Ship Island Railroad Company more than an amount in excess of $20,000.00 per mile to build and equip its main line and

branches. I arrive at my figures in the following man-
1560 ner:

By net total amount of bonds issued for construction	$2,750,000.00
By stock issued for construction	5,000,000.00
By proceeds from sale of 2250 bonds	2,025,000.00
By proceeds of stock sold	1,000,000.00
By securities to be issued for Mendenhall Branch	1,150,800.00
By floating debt at June 30, 1905 from operation from November 1, 1901	110,363.21
By surplus earnings and discount on bonds sold	492,011.84
Total cost to Gulf and Ship Island Railroad Company	$12,528,175.05

which is at the rate of $44,780.27 per mile for the 279.77 miles of constructed road on that date.

Int. XXIV.

What is the average distance that lumber moving to the northern connections of the Gulf & Ship Island Railroad Company is carried by the latter, and is not the through rate uniform without regard to distance over the line of the Gulf & Ship Island Railroad?

Answer to Interrogatory No. XXIV.

The average distance of lumber carried by the Gulf & Ship Island Railroad Company moving to its northern connection is about 90 miles. The through rate is uniform without regard to distance hauled over the Gulf and Ship Island Railroad.

(Signed) ELISHA GEE, *Auditor.*

STATE OF MISSISSIPPI, *Harrison County, City of Gulfport:*

Sworn to and subscribed before me this 28th day of April 1906.

(Signed) H. C. ELDER,
[SEAL.] *Notary Public.*

(Here follows statement marked p. 1561.)

Statu
the

1561.

Washington, D.C.
March 9, 1906

Years	Net earnings per mile of road	Total mileage operated
1904	$ 41051	1 374.71

FOLD OUT IS TOO LARGE TO BE FILMED

Table No. 10

Capital Stock, Funded Debt, Fixed Charges and Dividends from January 1, 1883, to June 30, 1903.

		Average miles operated	Capital Stock		Funded Debt including Equipment Trusts, but not Stock Trusts		Net Receipts from Operation, and All Receipts from any Land Department, Investment, Improvement, Sinking Fund, Other Undistributed, Miscellaneous, and Profit and Loss Accounts	Fixed Charges, including Rentals and Taxes, but not Interest on Proprietary and Miscellaneous Profits		Per Cent of Fixed Charges to All Receipts as shown in Balance Sheet	Dividends	Per Cent Dividends to All Receipts as shown on Profit and Loss Balance
			Amount	Per Mile	Amount	Per Mile		Amount	Per Mile			
Year ending December 31	1883	1,958	$ 59,000,000	$ 15,041	$ 38,142,000	$ 19,485	$ 6,482,542	$ 4,637,834	$ 1,311	41.76%	$ 2,800,000	31.93%
" " "	1884	2,000	59,000,000	29,500	38,282,000	19,141	6,943,210	4,758,192	1,321	40.84%	2,800,000	28.74%
" " "	1885	2,000	59,000,000	29,500	38,960,000	19,480	6,914,296	4,767,529	1,323	40.80%	2,800,000	28.74%
" " "	1886	2,000	59,000,000	29,500	38,971,000	19,485	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1887	2,563	59,000,000	23,031	38,971,000	15,205	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1888	2,963	59,000,000	19,911	38,971,000	13,151	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
Half Year ending June 30,	1889	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
Year ending Dec. 31	1889	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1890	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1891	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1892	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1893	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1894	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1895	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1896	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1897	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1898	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1899	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1900	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1901	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1902	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%
" " "	1903	3,163	59,000,000	18,653	38,971,000	12,320	6,884,444	4,788,048	1,330	40.93%	2,800,000	28.74%

1562 *Deposition of William Renshaw for the Defendants.*

NOTE.—Copied at page 1396 of this Transcript.

Interstate Commerce Commission, Office of the Secretary, Washington.

Edward A. Moseley, Secretary.

I, Edward A. Moseley, Secretary of the Interstate Commerce Commission, do hereby certify that the paper hereto attached was compiled from the Supplemental Reports of the Illinois Central Railroad Company, for the Years ending June 30, 1891 to 1901, inclusive, on that Portion of its Line South of Cairo, Illinois, and shows the amount of Net Income (or Deficit) as returned in the reports severally now on file with this Commission.

In testimony whereof, I have hereunto subscribed my name, and affixed the seal of the Commission, this twenty-third day of April, 1906.

[SEAL.] (Signed) EDW. A. MOSELEY, *Secretary.*

1563 Statement showing the "Surplus" (or Deficit) of the Illinois Central Railroad Company, on that Portion of its Line South of Cairo, Illinois, as shown in its Supplemental Reports to the Interstate Commerce Commission for the Years ending June 30, 1891 to 1901, inclusive.

Year.	Amount.
1891	[1]$45,838.36
1892	[1]480,945.46
1893	[1]676,385.25
1894	[1]155,229.71
1895	299,967.64
1896	119,656.51
1897	240,502.60
1898	764,556.09
1899	106,434.09
1900	892,903.27
1901	1,482,891.28

[1]Deficit.

Above being continuation of exhibits showing surplus from 1902 to Dec. 31st, 1905 of printed record 854.

(Here follows statement marked p. 1564.)

1565 *Certificate of Secretary Interstate Commerce Commission as to Tariffs, May* 18, 1906.

Interstate Commerce Commission, Washington, Secretary's Office.

In the Circuit Court of the United States for the Eastern Division of Louisiana.

No. 13386.

INTERSTATE COMMERCE COMMISSION
v.
ILLINOIS CENTRAL RAILROAD COMPANY ET ALS.

Certificate as to tariffs on file with the Interstate Commerce Commission in evidence before said Commission in the Central Yellow Pine Association *v.* The Illinois Central Railroad Company *et als.*

I, Edward A. Moseley, Secretary of the Interstate Commerce Commission, and Custodian of its records, hereby certify that the following named tariffs are on file in the records of said Commission and that the same cannot be removed therefrom, and that they show as follows:

Tariff of the Illinois Central Railroad and connections, effective August 19th, 1889, No. L 955, names through rate on Lumber, carloads, 24,00 pounds and over, 26 cents per 100 pounds from Kenner, Louisiana, and twenty-nine other stations in Louisiana and Mississippi, to Bay View, Wisconsin, and fifty-three other stations in Wisconsin and Illinois; that Illinois Central Railroad Joint Freight Tariff No. B 8110 (I. C. C. No. 1850), effective April 15th, 1903, names rate on Pine Lumber, carloads minimum weight 30,000 pounds, from and to stations named in Tariff No. L. 955 above referred to, 29 cents per 100 pounds.

That Illinois Central Railroad Joint Freight Tariff No. M. 100, dated October 28th, 1892, effective November 3rd, 1892, issued in connection with the Cleveland Cincinnati Chicago & St. Louis Railway, names rate of 20 cents per hundred pounds on Lumber, carloads, 24000 pounds and over, from Kenner, Louisiana, and 34 other stations in Louisiana, and Mississippi, to Vincennes, Indiana, and 29 other stations in the State of Illinois; that said Illinois Central Railroad Tariff No. B 8110 (I. C. C. No. 1850), effective
1566 April 15th, 1903, names rate of 22 cents per 100 pounds on Pine Lumber, carloads, from said stations in Louisiana and Mississippi, to Vincennes, Indiana, and a number of other of said stations in the State of Illinois.

Illinois Central Railroad Joint Freight Tariff No. M 253, effective May 21st, 1893, names rate on lumber, carloads, minimum weight 24,000 pounds and over, from Kenner, Louisiana, and 33 other stations in Louisiana and Mississippi, to Indianapolis, Indiana, and 31 other stations in Illinois and Indiana, 23 cents per 100 pounds; that

the rates named in said Illinois Central Railroad Tariff No. B 8110 (I. C. C. No. 1850) on Pine Lumber carloads, minimum weight 30,000 pounds, are from 23.56 cents to 26 cents per 100 pounds, applying from and to points shown in said tariff M 253.

Illinois Central Railroad Joint Freight Tariff No. M 42, effective September 22nd, 1892, names rates on Lumber, carloads, minimum weight 24,000 pounds and over, from Kenner, Louisiana, and 33 other stations in Louisiana and Mississippi to Salem, Illinois, and 94 other stations on the Ohio and Mississippi Railroad (now the Baltimore & Ohio Southwestern Railroad) in the states of Illinois and Indiana, when loaded on flat cars 23 to 25 cents per 100 pounds, when loaded in box cars 22 cents to 24 cents per 100 pounds; that the rates on Pine Lumber, carloads, as aforesaid, named in said Illinois Central Railroad Tariff No. B 8110 (I. C. C. No. 1850) effective April 15th, 1903, as applying from and to said points vary from 24 cents to 26 cents per 100 pounds; without restriction as to kind of car.

Illinois Central Railroad Joint Freight Tariff No. M 30, effective September 19th, 1892, issued in connection with the St. Louis Alton & Terre Haute Railroad, names rate on Lumber, carloads, minimum weight 24,000 pounds and over, from Kenner, Louisiana, and 33 other stations in Louisiana and Mississippi, to St. Louis, Missouri, East St. Louis, Illinois, and 51 other stations in Illinois 20 cents per 100 pounds; that the rates on Pine Lumber, carloads, minimum weight 30,000 pounds, named in said Illinois Central Rail-
1567 road Tariff No. B 8110 (I. C. C. No. 1850) from and to same stations vary from 20 cents to 23 cents per 100 pounds.

Illinois Central Railroad Joint Freight Tariff No. L. 3571, effective August 24th, 1892, issued in connection with the Minneapolis & St. Louis Railroad, Chicago Milwaukee & St. Paul Railroad, Chicago Great Western Railroad or Chicago Burlington & Northern Railroad, names rate on Lumber, carloads, minimum weight 24,000 pounds and over, from Kenner, Louisiana, and 29 other stations in Louisiana and Mississippi, to St. Paul, Minneapolis and Minnesota Transfer, Minnesota and common points 29 cents per 100 pounds; that said Illinois Central Railroad Tariff No. B 8110 (I. C. C. No. 1850) names rates on Pine Lumber, carloads, minimum weight 30,000 pounds, from and to same stations, varying from 30 cents to 33 cents per 100 pounds.

Illinois Central Railroad Joint Freight Tariff No. M. 54, effective October 4th, 1892, issued in connection with the Chicago & North-Western Railroad and the Chicago Milwaukee & St. Paul Railway, names rate on Lumber carloads, minimum weight 24,000 pounds and over from Kenner Louisiana, and 33 other stations in Louisiana and Mississippi, to Milwaukee, Wisconsin, and a number of other stations on the Chicago & North-Western Railway and the Chicago Milwaukee & St. Paul Railway in Wisconsin and Illinois, 26 cents per 100 pounds; that said Illinois Central Railroad Joint Freight Tariff No. B 8110, (I. C. C. No. 1850), effective April 15th, 1903, names rates on Pine Lumber, carloads, minimum weight

30,000 pounds, from and to same points varying from 24 cents to 29 cents per 100 pounds.

Illinois Central Railroad Supplement No. 6 to Joint Freight Tariff No. M 9, effective January 29th, 1893, names rates on Lumber, carloads, minimum weight 24,000 pounds and over, from Kenner, Louisiana, and 33 other stations in Louisiana and Mississippi, to Buffalo, N. Y., and other points in the States of New York, Pennsylvania and Ohio, when in box cars 30 cents, and on flat cars 32½ cents per 100 pounds; the said Illinois Central Railroad Joint Freight Tariff No. B 8110 (I. C. C. No. 1850) names rate on Pine
1568 Lumber, carloads, minimum weight 30,000 pounds, from and to same stations, 33 cents per 100 pounds.

Illinois Central Railroad Joint Freight Tariff No. M 81, issued in connection with the Wabash Railroad, effective October 11th, 1892, names rates on Lumber, carloads, minimum weight 24,000 pounds and over, from Kenner, Louisiana, and 31 other stations in Louisiana and Mississippi, to Toledo, Ohio, and Woodburn, Indiana, including 12 other stations in Ohio, 26 cents per 100 pounds, when in box cars; that said Illinois Central Railroad Joint Freight Tariff No. B 8110, (I. C. C. No. 1850) shows rate on Pine Lumber, carloads, minimum weight 30,000 pounds, from and to same stations, 30 cents per 100 pounds.

That said Illinois Central Railroad Joint Freight Tariff No. M 81 names rate to New Haven and Peru, Indiana, and 11 other stations in Indiana, on Lumber, in box cars, 25 cents per 100 pounds; that the said Illinois Central Railroad Tariff No. B 8110 (I. C. C. No. 1850) names rates on Pine Lumber from and to the same points varying from 27 to 31 cents per 100 pounds.

That the said Illinois Central Railroad Tariff No. M 81 names rate on Lumber, carloads, from stations above indicated, to Logansport, Indiana, Detroit, Michigan, and other points in Michigan, Ohio and Indiana, 24 cents per 100 pounds; that the said Illinois Central Railroad Tariff No. B 8110 (I. C. C. No. 1850) shows rates on Pine Lumber, carloads, to Logansport 27 cents, to Detroit 30 cents, and to other Indiana, Michigan and Ohio points rates varying from 25 cents to 30 cents per 100 pounds.

Illinois Central Railroad Joint Freight Tariff No. M 258, effective May 25th, 1893, issued in connection with the Chicago Burlington & Quincy Railroad, names rate on Lumber, carloads, minimum weight 24,000 pounds and over, from Kenner, Louisiana, and other stations in Louisiana and Mississippi therein named, to Kewanee, and nine other stations in the State of Illinois, 24 cents per 100 pounds. The said Illinois Central Railroad Tariff No. B 8110 (I. C. C. No. 1850) names rate on Pine Lumber, carloads, minimum
1569 weight 30,000 pounds, from and to same stations effective April 15th, 1903, 26 cents per 100 pounds.

That Illinois Central Railroad Joint Freight Tariff No. M. 82, effective October 11th, 1892, issued in connection with the Wabash Chester & Western Railroad and the Michigan Central Railroad, names rate on Lumber, carloads, minimum weight 24,000 pounds

and over, from Kenner, Louisiana, and other stations in Louisiana and Mississippi, to Willow Creek, Indiana, to Detroit, Michigan, fourteen stations, 24 cents per 100 pounds; that the said Illinois Central Railroad Tariff No. B 8110 (I. C. C. No. 1850) effective April 15th, 1903, names rates on Pine Lumber, carloads, minimum weight 30,000 pounds, from and to same stations, 28 to 30 cents per 100 pounds.

That under tariffs named in Appendix B to the Brief of Marcellus Green and Garner Wynn Green in Central Yellow Pine Association *v.* Illinois Central Railroad Company *et als.* before the Interstate Commerce Commission, No. 707, the rates there stated from the stations there stated and the present rates there stated under Illinois Central Railroad tariff No. B 8110, are correctly stated according to said tariffs, with the following exceptions:

Tariff No.	Station.	Old rate.	Pres. rate.	Adv. rate.
M 189	Litchfield, Ill.	.....	23.8c.	2.8
M 203	Martinsville, Ind. ..	.....	26	5
M 222	Columbus, Ohio ...	.....	29	4
Sup. 1 to M 223	McLeansboro, Ill. ..	24c.	26	
L 3167	Leslie, Mich.	29	.....	1
M 40	Forest City, Ia....	32.24	.....	2.76

There are also observed some slight errors in the dates effective of the tariffs listed as published in 1892 and of one in 1893, and a duplication of the rates to Elizabeth, Illinois, the tariff reference on the first page being correct while the date effective is wrong, and the tariff reference on the second page being in error but the date effective correct.

That the statements of Appendix C to said Brief, setting forth the rates from stations therein named under I. C. R. R. No. M 24, effective September 19th, 1892, therein called the old rate, and that under I. C. R. R. B. 8110, I. C. C. 1850, called the present
1570 rate, are correctly set forth in said Exhibit, with the following exceptions:

The date effective of I. C. R. R. No. M 24 is September 19th, instead of September 29th, 1892.

Tariff No.	Station.	Pres. rate.	Old rate.	Adv. rate.
	Clinton, Ill.	25c.	...	2c.
	Sanderall, Ill. (no rates)	...	...	...
	Springfield, Ill.	25	23	...
	Sleeden, Iowa (no rates)	...	...	...

That by Supplement No. 32 to New Orleans & North-Eastern Railroad Joint Freight Tariff on Pine Lumber, etc., No. N. 1627 (I. C. C. No. 1220), effective July 2, 1902, the rates on gum and cottonwood lumber carloads from all Alabama & Vicksburg Railway stations (except Vicksburg, Jackson and Meridian, Mississippi) published in connection with the Mobile & Ohio Railroad and the

Chicago Burlington & Quincy Railway, were, to Chicago and Moline, Illinois, 21 cents, and to East St. Louis, Illinois, and St. Louis, Missouri, 14 cents per one hundred pounds; and on common lumber other than Pine, Cypress, Gum or Cottonwood, carloads, to Chicago and Moline 21 cents, and to St. Louis and East St. Louis 15 cents per 100 pounds.

That by Supplement No. 36 to said New Orleans & North-Eastern Railroad Tariff No. N 1627, (I. C. C. No. 1220), effective November 1, 1902, issued in connection with the Mobile & Ohio Railroad and the Chicago Burlington & Quincy Railway, and applying from Alabama & Vicksburg Railway stations except Vicksburg, Jackson and Meridian, Mississippi, the rates on Gum and Cottonwood lumber, carloads, were, to Chicago and Moline, Illinois, 22 cents, and to St. Louis, Missouri, and East St. Louis, Illinois, 16 cents per hundred pounds, the same rates applying from and to said points on Common Lumber other than Pine and Cypress, carloads.

That Supplement No. 37 to said New Orleans & North-Eastern Railroad Tariff No. N. 1627, is a reissue of Supplement No. 36 above described and is identical in terms with the previous issue as regards points of origin and destination, traffic covered, rates to be applied, the only difference being that the date of issue is
1571 October 22nd, 1902, instead of October 10th, and that it includes the Illinois Central Railroad as a party to the rates.

That Illinois Central Railroad (Southern Lines) Local Distance Tariff No. M. 741 (I. C. C. No. B. 316), effective June 1, 1897, governing traffic between all stations on southern lines (Main Line and Branches) except on Mississippi State Business, between stations in the State of Mississippi, on Main Line, Michigan City to Osyka, inclusive; between stations on Memphis Division; between stations in the State of Mississippi on Main Line and Stations on the Memphis Division, shows mileage rates in cents per 100 pounds for Class N (Lumber) as follows:

5	Miles	and	under	.....	3½
10	and over	5	miles	.....	4½
15	"	10	"	.....	5
20	"	15	"	.....	5½
25	"	20	"	.....	6
30	"	25	"	.....	6½
35	"	30	"	.....	7
40	"	35	"	.....	7½
45	"	40	"	.....	8½
50	"	45	"	.....	9
60	"	50	"	.....	9½
70	"	60	"	.....	10
80	"	70	"	.....	10½
90	"	80	"	.....	11
100	"	90	"	.....	11½
110	"	100	"	.....	12

120	"	110	"	12½
130	"	120	"	13
140	"	130	"	13½
150	"	140	"	14
160	"	150	"	14½
170	"	160	"	15
180	"	170	"	15½
190	"	180	"	16
200	"	190	"	16
210	"	200	"	16½
220	"	210	"	16½
230	"	220	"	17
240	"	230	"	17½
260	"	240	"	18
280	"	260	"	19
300	"	280	"	19

1572 Miles and under and over miles.

320	"	300	"	19½
340	"	320	"	20½
360	"	340	"	20½
380	"	360	"	20½
400	"	380	"	20½
425	"	400	"	20½
450	"	425	"	20½
475	"	450	"	20½
500	"	475	"	20½
525	"	500	"	20½
550	"	525	"	20½

That said Tariff contains the following note: "This Tariff does not affect rates from or to Memphis or Whitehaven, Tenn., New Orleans, La., or Cairo, Ill."

In witness whereof I have hereunto set my hand *hand* and affixed the Seal of Said Commission this 15th day of May, A. D. 1906.

(Signed) EDW. A. MOSELEY,

[SEAL.] *Secretary of the Interstate Commerce Commission.*

1573 *Affidavit of D. W. Longstreet.*

Filed June 13, 1906.

Affidavit of D. W. Longstreet in Explanation of Certain Tariffs of the Illinois Central Railroad Company put in Evidence by Complainants.

Affiant, D. W. Longstreet, states that he is the General Freight Agent of the Illinois Central Railroad Company at Louisville, Ky.; that from about June, 1887 to the present date he has been continuously in the employ of said Illinois Central Railroad Company; that he was employed in the general freight office of the Illinois Central Railroad Company at New Orleans from 1887 to 1899, and is familiar with the tariffs upon yellow pine lumber from Mississippi territory to points on and north of the Ohio River issued by said Illinois Central Railroad Company during the said period of time; and is familiar with the conditions that surrounded said lumber traffic during said period.

Affiant states that from his earliest connections with the issuance of lumber tariffs by the Illinois Central Railroad Company, the endeavor of said company was to make its rates from points on its lines in Mississippi and Louisiana to points situated in territory North of the Ohio River on the lowest combination via Ohio River Crossings.

Affiant states that while said plan of rate making was in the earlier history of lumber rates generally followed, it was not in all instances practicable to fix through rates from points in Mississippi and Louisiana to points North of the Ohio River in such manner.

From as far back as 1887 down to May 1, 1894, the rate from Arkansas to Cairo was made less than the existing rate from Mississippi to Cairo. The rate from Arkansas to Cairo was originally fixed lower than the established rate from Mississippi to Cairo because (1) it was believed by the traffic officers of the Arkansas lines that having the shorter distance to Cairo, they were justified in accepting a lower rate, and (2) because it was claimed by the Arkansas lines that as the short leaf pine produced in Arkansas had not then become a factor in the market in competition with long leaf yellow pine produced in Mississippi, it could not hope to establish itself in the market unless it had the benefit of lower rates.

As the Arkansas lumber territory was developed, the lower rate from Arkansas to Cairo upon which the Arkansas lines insisted and on which they based their through rates to points North of the Ohio River, became more and more considered by individual purchasers of lumber in the territory North of the Ohio River; and to such an extent was the competition from Arkansas felt in respect to particular contracts for large and important deliveries, that the through rates, in disregard of the normal adjustment, were frequently made on the representations and upon the requests of Mississippi producers merely to enable them to keep in the market.

Affiant states that he has examined and checked the following

tariffs of the Illinois Central Railroad Company filed in this case by counsel for complainant and relied upon by them, viz: L-955, M-100, M-253, M-42, M-30, L-3571, M-54, Supplement 6 to M-9, M-81, M-258 and M-82.

It is true that the rates shown in tariffs referred to are in many instances lower than the rates which are published in tariff B-8110, effective April 15, 1903; and the rates shown in said tariffs other than tariff B-8110 were necessary to meet competition for the reasons hereinbefore stated.

It has not been practicable, owing to the changes in mode of publication of tariffs to trace a history of the rates to every point shown in said tariffs filed by complainant, but so far as it has been possible to trace the history of the rates to the more important points it has been done and the results shown as follows:

Tariff L-955.

The most important points of destination shown in this tariff are Milwaukee, Racine and Kenosha, Wis. and Deering, Ill. To Milwaukee, Wis., as shown by I. C. R. R. L-220, effective March 10, 1888, the rate on box cars was 29 cents, flat cars 32 cents.
1574 These rates remained in effect until I. C. R. R. tariff L-955, effective August 19, 1889, which made the rate 26 cents box or flat.

To Racine, Wis., as shown by I. C. R. R. tariff L-646, effective Dec. 3, 1888, the rate on box cars was 29 cents, flat cars 32 cents per 100 pounds. These rates remained in effect until I. C. R. R. tariff L-955, effective August 19, 1889, which makes the rate 26 cents box or flat.

To Deering, Ill. and Kenosha, Wis., the first record is tariff L-955, effective August 19, 1889, which makes the rate 26 cents of box or flat cars. The basis for rates on lumber to these two points has always been the same as to Milwaukee, and without question if rates had been published to these two points prior to August, 1889, the rates would have been the same as to Milwaukee.

The rate shown by B-8110, effective April 15, 1903 to all four of these points is 29 cents per 100 pounds box or flat cars.

Tariff M-100.

The most important points of destination shown in this tariff are Grayville, Ill., Vincennes, Ind., Carmi, Ill. and Mount Carmel, Ill.

To Grayville, Ill., as shown by I. C. R. R. tariff L-254, effective April 11, 1888, the rate on box cars was 26 cents, flat cars 29 cents. Effective February 22, 1891, as shown by tariff L-2268, the rate was made 22 cents on box or flat cars; and as shown by M-100, effective November 3, 1892, the rate was made 20 cents, box or flat cars.

The rate shown by B-8110, effective April 15, 1903 to this point is 21.91 cents, box or flat cars.

To Vincennes, Ind., as shown by I. C. R. R. tariff L-2823, effective September 1, 1891, the rate on box or flat cars was 22 cents. Tariff M-100, effective November 3, 1892, made the rate 20 cents on box or

flat cars. Tariff B-8110, effective April 15, 1903, restores the rate of 22 cents on box or flat cars.

The first record we find of rates to Carmi and Mount Carmel, Ill. is tariff M-100, effective November 3, 1892, which makes the rate 20 cents on box or flat cars. The prevailing rate adjustment would have provided rates somewhat similar to those in effect to Grayville if rates had been previously published.

Tariff B-8110, effective April 15, 1903, provides a rate to Carmi Ill. of 21.86 cents and to Mount Carmel, Ill. 22 cents, box or flat cars.

Tariff M-253.

The most important points of destination shown in this tariff are Indianapolis, Terre Haute, Greencastle and Danville, Ind. and Paris, Ill.

To Indianapolis, Ind., as shown by tariff L-45, effective January 1, 1887, the rate on box cars was 23 cents, flat cars 28½ cents. Effective January 4th, 1889 as shown by Tariff L-675 the rate was made, box cars 23 cents, flat cars 26 cents and as shown by M-253, effective May 21st, 1893 the rate was made 23 cents box or flat cars. Effective April 15th 1903 the rate was made 26 cents box or flat cars.

To Terre Haute, Ind. the rates were covered by the same tariffs, effective on the same dates and naming the same rates as above named to Indianapolis, Ind., except that B-8110, effective April 15th 1903, makes the rate 24 cents box or flat cars.

To Greencastle and Danville, Ind., as shown by Tariff L-842 effective June 14th, 1889, the rate on box cars was 27 cents, flat cars 30 cents. Effective January 5th, 1891 as shown by tariff L-2103, the rate was made box cars 24 cents, flat cars 26 cents. Effective March 22nd, 1891, as shown by tariff L-2357, the rate was made, box cars 23 cents, flat cars 26 cents and as shown by M-253, effective May 21st, 1893, the rate was made 23 cents box or flat cars. Effective April 15th 1903, Tariff B-8110, the rate was made 26 cents box or flat cars.

To Paris, Ill., as shown by tariff L-842, the rate on box cars was 24½ cents, flat cars 27½ cents. Effective January 5th, 1891, as shown by tariff L-2103, rate was made box cars 24 cents, flat cars 25 cents. Effective March 22nd, 1891, as shown by tariff L-2357, the rate was made, box cars 23 cents, flat cars 26 cents and as shown by Tariff M-253, effective May 21st, 1893, the rate was made 23 cents box or flat cars, Tariff B-8110, effective April 15th, 1903,
1575 makes the rate 23.56 cents box or flat cars.

Tariff M-42.

The most important points of destination shown in this tariff are Flora, Ill., Mitchell, Seymour and Milan, Ind., Beardstown, Farmingdale, Taylorsville, Altamont and Shawneetown, Ill.

To Flora, Ill., as shown by tariff L-2681, effective July 6th, 1891, rate was box cars 25 cents, flat cars 26 cents. Effective June 10th, 1892, Tariff L-3413, rate was made box cars 23 cents, flat cars 26 cents. Effective June 22nd, 1892, Tariff L-3432, rate was made, box

cars 22 cents, flat cars 24 cents and as shown by Tariff M-42, effective September 22nd, 1892, rate was made box cars 22 cents, flat cars 23 cents. Rate shown by B-8110, effective April 15th, 1903, is 24 cents box or flat cars.

To Mitchell, Seymour and Milan, Ind., the first record is Tariff L-3432, effective June 22nd, 1892, which makes the rate box cars 23 cents, flat cars 26 cents and as shown by M-42, effective September 22nd, 1892, the rate was made box cars 23 cents, flat cars 25 cents. Tariff B-8110, effective April 15th, 1903, makes the rate to Mitchell and Seymour, Ind. 26 cents box or flat cars and to Milan, Ind. 27 cents box or flat cars.

To Beardstown, Ill., Tariff L-447, effective August 8th, 1888, rate was box cars 27 cents, flat cars 30 cents and as shown by Tariff M-42, effective September 22nd, 1892, rate was made 24 cents box or flat cars. Tariff B-8110, effective April 15th, 1903, made the rate 25 cents box or flat cars.

To Farmingdale, Ill., the first record is tariff L-3432, effective June 22nd, 1892, which made the rate 24 cents box or flat cars and as shown by Tariff M-42, effective September 22nd, 1892, the rate was still carried at 24 cents box or flat cars. Tariff B-8110, effective April 15th, 1903, made the rate 25 cents box or flat cars.

To Taylorsville, Ill. as shown by Tariff L-169, effective February 1st, 1888, rate was box cars 27 cents, flat cars 30 cents. Tariff L-208, effective March 8th, 1888, made the rate, box cars 25 cents, flat cars 28 cents. Tariff L-2460, effective April 24th, 1891, made the rate 24 cents box or flat cars and which rate was continued in Tariff M-42, effective September 22nd, 1892, and also in Tariff B-8110, effective April 15th, 1903.

To Altamont, Ill. the first record appears in Tariff L-3368 effective May 25th, 1892, which made the rate 24 cents box or flat cars. Tariff M-42, effective September 22nd, 1892, made the rate 23 cents box or flat cars. Tariff B-8110, effective April 15th, 1903, made the rate 24 cents box or flat cars.

To Shawneetown, Ill. Tariff L-2762, effective August 7th, 1891, made the rate 25 cents box or flat cars. Tariff M-42, effective September 22nd, 1892, made the rate 24 cents box or flat cars, and the latter rate was continued in Tariff B-8110, effective April 15th, 1903.

It will be observed that prior to 1892 rates were not provided to all of these points as during this period the publication of tariffs on lumber was governed by the needs of the lumber trade and not until some time after was there a lumber tariff published containing generally all of the points in the territory covered by this complaint. The relations between the points named in connection with Tariff M-42 with respect to the adjustment of rates on lumber, were practically the same prior to the date of Tariff M-42, as is represented by that tariff, and if the railroad company had been requested to publish rates in 1888, for instance, to Flora, Ill., Mitchell, Seymour, Milan, Farmingdale, Ind. etc. such rates would have borne about the same relation to each other as they do in the Tariff M-42, that is to say, that the rate to Farmingdale would have been about the same as to Beardstown and Taylorsville.

This statement is a proper application with respect to the relative adjustment of rates between the points of destination in connection with the other tariffs which appear in this affidavit.

1576 Tariff M-30.

The most important points of destination shown in this tariff are Belleville, Freeburg, Marissa, Pinckneyville, Murphysboro, Carterville and Metropolis, Ill.

To Belleville, Freeburg, Marissa and Pinckneyville, Ill., as shown by Tariff L-832, effective June 5th, 1889, the rate was, box cars 23 cents flat cars 26 cents. Tariff *Tariff* L-2987, effective November 21st, 1891, made the rate 20 cents box or flat cars and this rate was continued in Tariff M-30, effective September 19th, 1892. Tariff B-8110, effective April 15th, 1903, made the rates to Belleville 20 cents box or flat cars; Freeburg and Marissa 23 cents box or flat cars; Pinckneyville 22 cents box or flat cars.

To Murphysboro, Carterville and Metropolis, Ill., as shown by Tariff L-2987, effective November 21st, 1891, the rate was 20 cents box or flat cars and this rate was continued in Tariff M-30, effective September 19th, 1892. Tariff B-8110, effective April 15th, 1903, made the rate to Murphysboro 22 cents box or flat cars; Carterville 21 cents box or flat cars; Metropolis 18 cents box or flat cars.

Tariff L-3571.

The most important points of destination shown in this Tariff are St. Paul and Minneapolis, Minn. La Crosse, Prairie du Chien, Wis. and Winona, Minn.

To St. Paul and Minneapolis, Minn., as shown by Tariff L-278, effective April 24th, 1888, the rate was box cars 33 cents, flat cars 36 cents. Effective October 5th, 1889, as shown by Tariff L-1081, the rate was made, box cars 29 cents, flat cars 32 cents. Effective August 18th, 1892 Tariff L-3555, the rate was made 29 cents box or flat cars and this rate was continued in Tariff L-3571, effective August 24th, 1892, Tariff B-8110 effective April 15 1903 made the rate 33 cents box or flat cars.

To La Crosse, Wis. as shown by Tariff L-714, effective January 25th, 1889, rate was box cars 33 cents, flat cars 36 cents. Tariff L-1081, effective October 5th, 1889, made the rate box cars 29 cents, flat cars 32 cents. Tariff L-3555, effective August 18th, 1892, made the rate 29 cents box or flat cars and this rate was continued in Tariff L-3571, effective August 24th, 1892. Tariff B-8110 effective April 15th, 1903, made the rate 30½ cents box or flat cars.

To Prairie du Chien, Wis., Tariff L-1081, effective October 5th, 1889, made the rate box cars 29 cents, flat cars 32 cents. Tariff L-3555, effective August 18th, 1892, made the rate 29 cents box or flat cars and this rate was continued in Tariff L-3571, effective August 24th, 1892. Tariff B-8110, effective April 15th, 1903, made the rate 30½ cents box or flat cars.

To Winona, Minn. as shown by Tariff L-309, effective May 10th, 1888, the rate was, box cars 33 cents, flat cars 36 cents. Tariff

L-1081, effective October 5th, 1889, made the rate, box cars 29 cents, flat cars 32 cents, Tariff L-3555, effective August 18th, 1892, made the rate 29 cents box or flat cars, and this rate was continued in Tariff L-3571 August 24th, 1892. Tariff B-8110, effective April 15th, 1903 made the rate 30½ cents box or flat cars.

Tariff M-54.

The most important points of destination shown in this tariff are Milwaukee, Racine, and Kenosha, Wis., and Deering, Ill.

To Milwaukee, Wis., as shown by ICRR L-220 effective March 10th, 1888, the rate on box cars was 29 cents, flat cars 32 cents. These rates remained in effect until ICRR tariff L-955, effective August 19th, 1889, which made the rate 26 cents box or flat cars.

To Racine, Wis. as shown by ICRR tariff L-646, effective Dec. 3rd, 1888, the rate on box cars was 29 cents, flat cars 32 cents per 100 pounds. These rates remained in effect until ICRR tariff L-955, effective August 19th, 1889, which makes the rate 26 cents box or flat.

To Deering, Ill., and Kenosha, Wis., the first record is tariff L-955, effective August 19th, 1889, which makes the rate 26 cents on box or flat cars. The basis for rates on lumber to these two points has always been the same as to Milwaukee, and without question if rates had been published to these two points prior to August
1577 1889, the rates would have been the same as to Milwaukee.

The rate shown by Tariff B-8110, effective April 15th, 1903, to all four of these points is 29 cents per hundred pounds box or flat cars.

Tariff Supplement 6 to M-9.

The most important points of destination shown in this tariff are Buffalo, N. Y., Pittsburg, Pa., Steubenville, Ohio, Erie Pa. and Wheeling, W. Va.

To Buffalo N. Y., as shown by Tariff L-355, effective June 15th, 1888, the rate was box cars, 30 cents, flat cars 33 cents. Tariff L-1260 effective December 25th, 1889, made the rate 34 cents box or flat cars. Tariff L-1526, effective April 27th, 1890, made the rate 32½ cents box or flat cars. Tariff L-2872, effective October 5th, 1891, made the rate box cars 31 cents, flat cars 34 cents. Tariff supplement 6 to M-9, effective January 29th, 1893, made the rate box cars 30 cents, flat cars 32½ cents. Tariff B-8110, effective April 15th, 1903, made the rate 33 cents box or flat cars.

To Pittsburg, Pa., as shown by Tariff L-98, effective December 21st, 1887, the rate was box cars 33 cents flat cars 35 cents. Tariff L-338, June 4th, 1888, made the rate box cars 31 cents, flat cars 34 cents. Tariff supplement 6 to M-9, effective January 29th, 1893, made the rate box cars 30 cents, flat cars 32½ cents. Tariff B-8110 effective April 15th, 1903, made the rate 33 cents box or flat cars.

To Steubenville, Ohio, as shown by Tariff L-2409, effective April 8th 1891, the rate was box cars 31 cents, flat cars 34 cents. Tariff supplement 6 to M-9, effective January 29th, 1893, made the rate

box cars 30 cents, flat cars 32½ cents and Tariff B-8110, effective April 15th, 1903, made the rate 33 cents box or flat cars.

To Erie, Pa., as shown by Tariff L-2872, effective October 5th, 1891, rate was box cars 31 cents, flat cars 34 cents. Tariff supplement 6 to M-9, effective January 29th, 1893, made the rate box cars 30 cents, flat cars 32½ cents and Tariff B-8110, effective April 15th, 1903, made the rate 33 cents box or flat cars.

To Wheeling, W. Va., as shown by Tariff L-1201, effective November 22nd, 1899, the rate was box cars 31 cents, flat cars 34 cents. Tariff supplement 6 to M-9, effective January 29th, 1893, made the rate box cars 30 cents flat cars 32½ cents and Tariff B-8110, effective April 15th, 1903, made the rate 33 cents box or flat cars.

Tariff M-81.

The most important points of destination shown in this tariff are Toledo, Ohio, Fort Wayne, Logansport, Ind., Detroit, Mich., New Haven, Ind., Peru, Ind., Woodburn, Ind., Adrian, Mich., Lafayette, Ind., Danville, Litchfield, Jacksonville and Quincy, Ill. and Keokuk, Iowa.

To Toledo, Ohio, as shown by Tariff L-253, April 11th, 1888, the rate was box cars 32 cents, flat cars 34 cents. Tariff L-335, effective June 4th, 1888, made the rate box cars 27 cents, flat cars 30 cents. Tariff L-337, effective June 4th, 1888, made the rate box cars 28 cents, flat cars 31 cents. Tariff L-771, March 10th, 1889, made the rate box cars 29 cents flat cars 32 cents. Tariff L-966, effective August 22nd, 1889, made the rate box cars 26 cents, flat cars 29 cents. Tariff L-3476, effective July 14th, 1892, made the rate box cars 26 cents, flat cars 29 cents. Tariff M-81, effective October 11th, 1892, made the rate box cars 26 cents, flat cars 27 cents and Tariff B-8110 effective April 15th, 1903 made the rate 30 cents box or flat cars.

To Fort Wayne, Ind., as shown by Tariff L-966, effective August 22nd 1889, the rate was box cars 25 cents, flat cars 28 cents. Tariff L-3476, effective July 14th, 1892, made the rate box cars 25 cents, flat cars 28 cents. Tariff M-81 effective October 11th, 1892, made the rate box cars 25 cents, flat cars 26 cents and Tariff B-8110, effective April 15th, 1903, made the rate 29 cents box or flat cars.

To Logansport, Ind., as shown by Tariff L-327, effective May 12th, 1888, the rate was box cars 30 cents, flat cars 33 cents.
1578 Tariff L-3476, effective July 14th, 1892, made rate box cars 24 cents, flat cars 26 cents. Tariff M-81, effective October 11th, 1892 made the rate 24 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made rate 27 cents box or flat cars.

To Detroit, Mich., as shown by Tariff L-94, effective Dec. 17th, 1887, the rate was box cars 30 cents, flat cars 33 cents. Tariff L-417, effective July 27th, 1888, made the rate box cars 29 cents, flat cars 32 cents. Tariff L-610 effective November 15th 1888 made the rate box cars 28 cents flat cars 31 cents. Tariff L-2248, effective February 15th, 1891, made the rate box cars 26 cents, flat cars 29 cents.

Tariff M-81, effective October 11th, 1892, made the rate 24 cents box or flat cars and Tariff B-8110 made the rate 30 cents box or flat cars.

To New Haven Ind., as shown by Tariff L-3476, effective July 14th, 1892, the rate was box cars 25 cents, flat cars 28 cents. Tariff M-81, October 11th, 1892, made the rate box cars 25 cents, flat cars 26 cents and Tariff B-8110, effective April 15th, 1903, made the rate 29 cents box or flat cars.

To Peru, Ind., as shown by tariff L-3476, effective July 14th, 1892, the rate was box cars 25 cents, flat cars 27 cents. Tariff M-81, effective October 11th, 1892, made the rate 25 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 27 cents box or flat cars.

To Woodburn, Ind., as shown by Tariff L-3476, effective July 14th, 1892, the rate was box cars 26 cents, flat cars 29 cents. Tariff M-81, effective October 11th, 1892, made rate box cars 26 cents, flat cars 27 cents and Tariff B-8110, effective April 15th, 1903, made rate 30 cents box or flat cars.

To Adrian, Mich., as shown by Tariff L-3476, effective July 14th, 1892 the rate was box cars 26 cents, flat cars 29 cents. Tariff M-81, effective October 11th, 1892, made the rate 24 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 30 cents box or flat cars.

To Lafayette, Ind., as shown by Tariff L-54, effective January 5th, 1887, the rate was box cars 27 cents, flat cars 30 cents. Tariff L-966, effective October 22nd, 1889, made the rate box cars 25 cents, flat cars 28 cents. Tariff L-3476, effective July 14th, 1892, made the rate box cars 24 cents, flat cars 26 cents. Tariff M-81, effective October 11th, 1892, made the rate 24 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 26 cents box or flat cars.

To Danville, Ill., as shown by Tariff L-294, effective May 7th, 1888, rate was box cars 27 cents, flat cars 30 cents. Tariff L-966 effective August 22nd, 1889, made the rate box cars 24 cents, flat cars 26 cents. Tariff L-2248, effective February 15th, 1891, made the rate box cars 24 cents, flat cars 25 cents. Tariff L-3476, effective July 14th, 1892, made the rate box cars 23 cents, flat cars 25 cents. Tariff M-81, effective October 11th, 1892, made the rate 23 cents box or flat cars, and Tariff B-8110, effective April 15th, 1903, made the rate 25 cents box or flat cars.

To Litchfield, Ill., as shown by Tariff L-200, effective March 6th, 1888, the rate was box cars 26¼ cents, flat cars 29¼ cents. Tariff L-1111, effective October 21st, 1889 made the rate 23¼ cents box or flat cars. Tariff M-81, effective October 11th, 1892, made the rate 23 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 23.8 cents box or flat cars.

To Jacksonville, Ill., as shown by Tariff L-173, effective February 5th 1888, the rate was box cars 27 cents, flat cars 30 cents. Tariff L-3476 effective July 14th, 1892, made the rate 24 cents box or flat cars. Tariff M-81, effective October 11th, 1892, made the rate 23 cents box or flat cars, and Tariff B-8110, effective April 15th, 1903, made the rate 25 cents box or flat cars.

To Quincy, Ill., as shown by Tariff L-282, effective April 13th, 1888 the rate was box cars 27 cents, flat cars 30 cents. Tariff L-2010, effective November 21st, 1890, made the rate 26 cents box or flat cars. Tariff M-81, effective October 11th, 1892, made the rate 25 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 24 cents box or flat cars.

1579 To Keokuk, Iowa, as shown by Tariff L-860, effective July 15th, 1889 the rate was box cars 27 cents, flat cars 30 cents. Tariff L-2580, effective March 31st, 1891, made the rate 27 cents box or flat cars. Tariff L-3185, effective March 15th, 1892, made the rate 26 cents box or flat cars and this rate was continued in Tariff M-81, effective October 11th, 1892 and also in Tariff B-8110, effective April 15th, 1903.

As herein before stated during the earlier period tariffs were not published to all points in territorial groups of destination but only to the more important points and if rates had been published to such points as Adrian, Mich., New Haven, Peru and Woodburn, Ind., prior to 1892 they would have been somewhat similar and borne a close relation to the rates published during that earlier period to such points as Toledo, Ohio, Detroit, Mich., Logansport and Lafayette, Ind.

Tariff M-258.

The most important points of destination shown in this tariff are Princeton, Ill., Kewanee, Ill., Galva, Ill., and Galesburg, Ill.

To Princeton, Ill., as shown by Tariff L-2629, effective June 22nd, 1891, the rate was 27 cents box or flat cars. Tariff M-258, effective May 25th, 1893, made the rate 24 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 26 cents box or flat cars.

To Kewanee, Ill., the first record we locate is Tariff M-258, May 25th, 1893, which made the rate 24 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 26 cents box or flat cars.

To Galva, Ill., as shown by Tariff L-427, effective August 1st, 1888, the rate was box cars 33.8 cents, flat cars 36.8 cents. Tariff M-258, effective May 25th, 1893, made the rate 24 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 26 cents box or flat cars.

To Galesburg, Ill., as shown by Tariff L-2629, effective June 22nd, 1891, the rate was 27 cents box or flat cars. Tariff L-426 effective July 31st, 1888, made rate box cars 31 cents, flat cars 34 cents. Tariff M-258, effective May 25th, 1893, made rate 24 cents box or flat cars and Tariff B-8110 made the rate 26 cents box or flat cars.

Tariff M-82.

The most important points of destination shown in this tariff are Michigan City and South Bend, Ind., Benton Harbor, Detroit, Kalamazoo, Mich., Chester, Ill., and Willow Creek, Ind.

To Michigan City, Ind., as shown by Tariff L-180, effective February 9th, 1888, the rate was box cars 32 cents, flat cars 35 cents.

Tariff L-204, effective March 10th, 1888, made the rate box cars 27 cents, flat cars 30 cents. Tariff L-967, August 22nd, 1889, made the rate box cars 25 cents flat cars 28 cents. Tariff L-2248, effective February 15th, 1891, made the rate box cars 24 cents, flat cars 27 cents. Tariff L-3090, effective January 1st, 1892, and also Tariff M-82, effective October 11th, 1892, made the rate 24 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 28 cents box or flat cars.

To South Bend, Ind., as shown by Tariff L-633, effective December 4th, 1888, the rate was box cars 29 cents, flat cars 32 cents. Tariff L-967, effective August 22nd, 1889, made the rate box cars 25 cents, flat cars 28 cents. Tariff L-2248, effective February 15th, 1891, made the rate box cars 24 cents, flat cars 27 cents. Tariff M-82 effective October 11th, 1902, made the rate 24 cents box or flat cars and Tariff B-8110, effective — 15th, 1903, made the rate 28 cents box or flat cars.

To Benton Harbor, Mich., as shown by Tariff L-813, effective May 21st, 1889, the rate was box cars 28 cents, flat cars 31 cents. Tariff L-967, effective August 22nd, 1889, made the rate box cars 26 cents, flat cars 29 cents. Tariff M-82, effective October 11th, 1892, made the rate 24 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 28 cents box or flat cars.

To Detroit, Mich., as shown by Tariff L-94, effective December 17th, 1887, the rate was box cars 30 cents, flat cars 33 cents. Tariff L-417, effective July 27th, 1888, made the rate box cars 29 cents, flat cars 32 cents. Tariff L-610, effective November 15th, 1888
1580 made the rate box cars 28 cents, flat cars 31 cents. Tariff L-2248, effective February 15th 1891, made the rate box cars 26 cents, flat cars 29 cents. Tariff M-82, effective October 11th, 1892, made the rate 24 cents box or flat cars, and Tariff B-8110, effective April 15th, 1903, made the rate 30 cents box or flat cars.

To Kalamazoo, Mich., as shown by Tariff L-641, effective December 4th 1888, the rate was box cars 30 cents, flat cars 33 cents. Tariff L-967, effective August 22nd, 1889, made the rate box cars 27 cents, flat cars 30 cents. Tariff L-2248, effective Feb'y 15th, 1891, made the rate box cars 27 cents flat cars 29 cents. Tariff M-32, effective October 11th, 1892, made the rate 27 cents box or flat cars and Tariff B-8110, effective April 15th, 1903, made the rate 30 cents box or flat cars.

To Chester, Ill., as shown by Tariff L-673, effective December 31st, 1888, the rate was box cars 25 cents, flat cars 28 cents. Tariff L-2248, effective February 15th, 1891, made the rate 23 cents box or flat cars and this rate is continued in Tariff M-82, effective October 11th, 1892 and also in Tariff B-8110, effective April 15th, 1903.

To Willow Creek, Ind., as shown by Tariff L-813, effective May 21st, 1889, the rate was box cars 27 cents, flat cars 30 cents. Tariff L-967, effective August 22nd, 1889, made the rate box cars 25 cents, flat cars 28 cents. Tariff L-2248, effective February 15th, 1891, made the rate box cars 24 cents, flat cars 27 cents. Tariff L-3090, effective January 1st, 1892, made the rate 24 cents box or flat cars and this rate was continued in Tariff M-1082, effective October 11th,

1892. Tariff B-8110, effective April 15th, 1903, made the rate 28 cents box or flat cars.

It is relevant to state that the fluctuations in the through rates to the territory referred to were caused, not only by competition and trade conditions as herein before recited, but also largely by changes in rates from Ohio River Crossings to said territory.

The tariffs referred to in the certificate of Secretary Mosely of May 15th, 1906, and which were largely the outcome of Arkansas competition as was the case from time to time at particular destinations, it is safe to say cover not exceeding two per cent. of the points of destination in the territory north of the Ohio River. It was not until May 1894 that the lines from Mississippi were forced by reason of the general business depression to equalize the Arkansas competition at all points.

All of the early tariffs herein referred to for the purpose of showing the history of the rates were duly filed with the Interstate Commerce Commission, though the rule requiring Interstate Commerce Commission numbers had not at that time been established.

The foregoing facts are stated by this affiant upon information and belief based upon his recollection and upon the records of the Illinois Central Railroad Company.

(Signed) Name: D. W. LONGSTREET.

Present Address, Louisville, Kentucky.
Dated at Louisville, Ky. this 26th day of May 1906.

Sworn and subscribed to before me V. C. Yeager this 26th day of May 1906, at Louisville, County of Jefferson, and State of Kentucky. My commission expires February 15, 1908.

(Signed) V. C. YEAGER,
Notary Public, Jefferson Co., Ky.

Sabot No 1 To Mr Enocks Q
p 556 Volume

LC Enocks No 1

1581.

E A R N I N G T.

	2 Passenger revenue	Re pe se pe	graph rents other rces	13 Total earnings from operation	17 Total earnings per train mile	Proportion to total earnings and income.	
I L L I T N.							
1903,							
1902, Group 5	2336959	2.1	158	14518450	1.577	100.00	Page 374-5
" 6	5683690	1.9	994	26387931	1.513	88.14	" 380-1
1901, " 5	2233397	2.1	412	13181574	1.285	100.00	" 366-7
" 6	5094345	1.8	741	23731561	1.345	90.45	" 372-3
1900, " 5	1891657	2.2	597	11863055	1.242	100.00	" 360-1
" 6	4285997	1.9	369	20748912	1.329	89.45	" 365-7
1899 " 5	1630755	2.1	854	10258635	1.171	100.00	" 368-9
" 6	3778783	1.9	018	17856055	1.321	87.19	" 376-7
1898.							
1892, " 5	993088	2.2	982	5733737	1.124.	100.00	" 310-11
" 6	3395181	2.0	903	13464758	1.198	92.67	" 316-17

L O U A N D S O U T H.

FOLD OUT IS TOO LARGE TO BE FILMED

1582

Exhibit No 2 to Enoch's Testimony.

EARNINGS IN GROUPS PER MILE OF ROAD OPERATED.

STATISTICS OF RAILWAYS IN UNITED STATES.

ILLINOIS CENTRAL RAILROAD.

	Page	Earnings	Miles operated		Earnings per mile
1903, Group 5		$16,193,850	1376.71		$11,779.90
" 6		29,124,609	2924.34		9,958.33
1902 Group 5	374	$14,518,450	1374.71	"	$10,561.10
Group 6	380	26,389,310	2909.19	"	9,070.54
1901 Group 5	361	13,181,574	1356.31	"	9,718.70
" 6	372	26,731,651	2909.19	"	9,188.69
1900 Group 5	360	11,863,055	1356.31	"	8,746.56
" 6	366	20,748,912	2639.55	"	7,860.39
1899, Group 5	368	10,268,635	1356.31	"	8,098.56
" 6	376	20,476,171	2322.43	"	8,817.56

LOUISVILLE & NASHVILLE RAILROAD.

1903, Group 5					
" 6					
1902, Group 5,	374	$ 29,306,065	3226.13	"	$9,083.96
" 6,	380	1,504,449	218.	"	7,176.46
1901, Group 5	368	26,757,374	3116.29	"	8,586.32
" 6	374	1,444,739	208.74	"	6,906.85
1900, Group 5	362	27,141,368	3025.29	"	8,971.49
" 6	368	1,310,378	208.74	"	6,277.08
1899, Group 5	370	23,069,691	2939.20	"	7,848.93
" 6	378	1,207,926	208.74	"	5,787.22

Mileage taken from Statistics of Railways in United States.

Exhibit No 4 to Enroche' Testimony

STATISCAL REPORT I. C. C. 1902, PAGE 645

Comparative Summary of Passenger and Freight Service for the years ending June 30, 1902 to 1892

Item	1902	1901.	1900.
Tons carried 1 mile.	157289370053	147077136040	141,899,157,270.
Tons carried 1 mile per mile of line	793,351	760,414	735,366
Freight train mileage	499,711,176	491,962,041	492,568,486
Average number tons in train	296.47	281.26	270.88
a. Typical haul of the Average Railway, miles	131.04	135.03	128.53
b Typical haul of all the railways regarded as a systems, miles	239.10	251.98	238.39
Total revenue-train mileage	936,148,675	908,093,618	888,781,890
Total mileage of freight cars	13,326,514,389	12,811,211,703	----------

Comparative Summary of Passenger and Freight Service for the years ending June 30,1902, to 1892- Continued.

Item	1896	1895	1894
Tons carried 1 mile	98,328,360,278	85,227,515,891	80,335,104,702
Tons carried 1 mile per mile of line	523,832	479,490	457,252
Freight-train mileage	479,500,170	449,291,238	446,807,223
Average number of tons in train.	198.81	189.69	179.80
Average haul per ton a Typical haul of the average railways, miles	124.47	122.32	125.88
b. Typical haul of all the railways regarded as a system, miles.	------	------	-------
Total revenue train mileage	-------	------	-------
Total mileage of freight cars	-------	------	-------

Item	1899	1898	1897
Tons carried 1 mile, Tons carried 1 mile	123,667,257,153	114,077,576,305	98,139,022,225
per mile of line	659,505	617,810	519,079
Freight train mileage	507,841,798	503,766,258	464,942,242
Average number tons in train	243.52	226.45	204.62
Average haul per ton a. Typical haul of the Average railways, miles.	128.85	129.78	128.27
b. Typical haul of all the railways regarded as systems, miles	242.45	____	____
Total revenue-train mileage	------	------	-------
Total mileage of freight cars	____	____	____

Item	1893	1892	Increased 1892 over 1901
Tons carried 1 mile	93,588,111,833	88,241,050,228	10,212,234,013
Tons carried 1 mile per mile of line	551,232	543,365	32,937
Freight-train mileage	508,719,506	485,402,369	7,769,135
Average number of tons in train	183.99	181.79	15.21
Average haul per ton a Typical haul of the average railways, miles	125.60	124.89	3.99
b. Typical haul of all the railways regarded as a system, miles	-----	-----	12.88
Total revenue-train mileage	-----	------	28,055,857
Total mileage of freight cars			515,302,666

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Exhibit No 5 to Enoch's Testimony

STATISTICAL REPORT I. C. C. 1902.

Comparative Summary of Average Daily Compensation of Railway Employees for the years ending June 30, 1902 to 1892
(Average daily compensation in Dollars)

Class.	United States										
	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	189
General Officers.	11.17,	10.97,	10.45,	10.03,	9,73,	9.54,	9.19,	9.01,	9.71.	8.10	7.83
Other Officers	5.60	5.56	5.22	5.18	5.21	5.12	5.96	5.85	5.75		5.23
General office Clerk	2.18	2.19	2.19	2.20	2.25	2.18	2.21	2.19	2.34	2.25	2.23
Station Agt	1.80	1.77	1.75	1.74	1.73	1.73	1.73	1.74	1.75	1.83	1.82
other Station men	1.61	1.59	1.60	1.60	1.61	1.62	1.62	1.62	1.63	1.65	1.65
Enginemen	3.84	3.78	3.75	3.72	3.72	3.65	3.65	3.65	3.61	3.68	3.65
Firemen	2.20	2.16	2.14	2.10	2.09	2.06	2.06	2.05	2.03	2.06	2.05
Conductors	3.21	3.17	3.17	3.13	3.13	3.07	3.05	3.04	3.04	3.10	3.08
other train men	2.04	2.00	1.96	1.94	1.95	1.90	1.90	1.90	1.89	1.92	1.90
Machinists	2.36	2.32	2.30	2.29	2.28	2.23	2.26	2.22	2.21	2.31	2.29
Carpenters	2.08	2.06	2.04	2.03	2.02	2.01	2.03	2.03	2.02	2.10	2.08
Other shopmen	1.78	1.75	1.73	1.72	1.70	1.71	1.69	1.70	1.69	1.73	1.72
Section Foremen	1.72	1.71	1.69	1.68	1.69	1.70	1.70	1.70	1.71	1.75	1.76
Other trackmen	1.25	1.23	1.22	1.18	1.16	1.16	1.17	1.17	1.18	1.22	1.22
Switch tenders crossing tenders & Watchmen	1.77	1.74	1.80	1.77	1.74	1.72	1.74	1.75	1.75	1.82	1.80
Telegraph operators & dispatchers.	2.01	1.98	1.96	1.93	1.92	1.90	1.93	1.98	1.93	1.96	1.92
Employees-acct.floating equipment	2.00	1.97	1.92	1.89	1.89	1.86	1.94	1.91	1.97	1.96	2.03
All other Servers	1.71	1.69	1.71	1.68	1.67	1.64	1.65	1.65	1.65	1.70	1.68

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Exhibit No. 6 to Enoch's Testimony

STATISTICAL REPORT I. C. C. 1902, Page 43.
Comparative Summary of Average Daily Compensation of Railway Employees for the years ending June 30, 1902, to 1892 by Groups.

Class	Group 5.				Group 6.			
	1902.	1901.	1900.	1892.	1902.	1901.	1900.	1892
General officers	10.35	10.47	9.49	5.96	14.07	13.10	12.59	9.94
Other officers	3.94	4.05	3.66	[illegible]	6.89	6.64	6.71	"
General Office clerk	1.96	2.20	2.13	1.85	2.14	2.10	2.14	2.10
Station Agts.	1.53	1.52	1.45	1.75	1.80	1.77	1.77	1.85
Other station men	1.38	1.37	1.39	1.51	1.55	1.55	1.57	1.66
Engineemen	4.01	3.90	3.88	4.46	3.71	3.68	3.68	3.63
Firemen	1.97	1.96	1.95	2.17	2.24	2.22	2.23	2.15
Conductors	3.12	3.14	3.12	3.58	3.29	3.27	3.29	3.15
Other trainmen	1.75	1.75	1.71	1.98	2.04	2.00	1.97	1.94
Machinists	2.27	2.29	2.34	2.36	2.29	2.18	2.18	2.25
Carpenters	1.83	1.80	1.81	1.98	2.06	2.01	2.05	2.07
Other shopmen	1.58	1.52	1.49	1.48	1.79	1.74	1.75	1.72
Section foremen	1.57	1.57	1.52	1.72	1.64	1.63	1.63	1.66
Other trackmen	.96	.95	.95	.96	1.34	1.31	1.30	1.25
Switch tenders, crossing tenders & switchmen.	1.68	1.63	1.77	1.87	2.01	2.00	2.07	2.04
Telegraph operators & dispatchers	1.80	1.78	1.77	1.93	1.98	1.94	1.92	1.94
Employees-acct floating equipment	1.45	1.41	1.40	1.03	1.83	1.66	1.63	1.92
All other employees and laborers	1.47	1.44	1.54	1.83	1.91	1.85	1.90	1.83

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Exhibit No 7 to Enoch Testimony.

STATISTICAL REPORT I.C.C. 1902.

Classification of Employees, by Groups, and per 100 Miles of Line, Pages 37-38

Class.	Group 4. Number,	Group 4. Per 100 Miles of line	Group 5. Number	Group 5. Per 100 Miles of line	Group 6. Number	Group 6. Per 100 Miles of line
General officers	289	2	469	2	758	2
Other officers	650	5	854	4	621	1
General office Clerks	2045	17	3815	17	6716	15
Station Agents	2099	18	3778	17	6734	15
Other Station men	4087	34	8379	37	20208	44
Enginemen	2014	17	3667	16	9270	20
Firemen	2366	20	4029	18	9565	21
Conductors	1521	13	2554	11	6225	13
Other trainmen	3612	30	6145	27	14939	33
Machinists	1442	12	3239	14	6503	14
Carpenters	3029	26	6159	27	9225	20
Other shopmen	6131	52	11602	51	24011	53
Section foremen	1725	15	3431	15	7763	17
Other trackmen	13092	110	29502	130	56224	123
Switch tenders Crossing tenders & watchmen	1458	12	3888	17	9988	22
Telegraph operators & dispatchers	1447	12	2082	9	5474	12
Employees acct floating equipment	180	2	400	2	108	( )
All other employees & laborers.	5118	43	11262	50	28841	63

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Exhibit No 8 to Enoch's Testimony.

STATISTICAL REPORT I. C. C. 1902.

STATISTICS OF RAILWAYS IN THE UNITED STATES, 1902.

of

INTERSTATE COMMERCE COMMISSION.

Page 21- Summary of Equipment, by Groups,-Locomotives.

Territory covered	Freight
Groups 5	1751
Group 6	4686

Summary of Equipment, by Groups, Cars.

Territory covered	Freight service
Group 5	102,188
Group 6	321,130

Assignment of Equipment per 1,000 Miles to Length of Line, by Groups.

	LOCOMOTIVES		CARS	
Territory covered	Total	Freight	Total	Freight
Group 5	137	77	4799	4500
Group 6	172	103	7348	7019

Assignment of Equipment to Amount of Traffic, by Groups,-Page 23.

Territory covered	Tons carried per freight Locomotive	Ton miles per freight locomotive	Freight cars per 1,000,000 tons of freight carried.
Group 5	45,434	6,623,442	1,284
Group 6	44,850	6,377,796	1528

"The number of locomotives per 1,000 miles of line on June 30, 1902, was 206 being an increase of 4per 1,000 miles of line, as compared with the previous year. This increase is due to an increase of 1 per 1,000 miles of line in freight locomotives and 3 per 1,000 miles of line in switching locomotives."

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Exhibit No 9 to Enoch's Testimony

Summary of Freight Traffic Movement for the year ending June 30, 1902--

UNITED STATES

COMMODITY	TOTAL FREIGHT TONNAGE.
Products of Agriculture:	
Grain	52,257,455
Cotton	5,983,877
Fruit & Vegetables	14,501,968
Products of Animals:	
Live Stock	15,477,500
Products of Mines:	
Anthracite Coal	83,720,175
Bituminous Coal	255,792,615
Ores	84,866,105
Products of forest	
Lumber	88,653,853
Other products of forests	25,332,208
Manufactures:	
Petroleum and otheroils	10,033,705
Iron,pig & bloom	28,520,310
Household goods & furniture	2,661,909

Summary showing Freight Traffic Movement, by class of commodity originating on Line of Reporting Roads-United States and by division.

Class of Commodity	United States	Division 2. Groups 4 and 5 territory south of Ohio & Patomac rivers & east of lower Mississippi River.	
		Tonnage reported as originating on line.	Per cent of aggregate
Products of forest	14,548,160		18.65

Summary of Freight-Car Mileage for the year ending June 30, 1902.

Territory covered	Mileage of Empty Cars. North or East.	South or West.	Unclassified	Total	Total Mileage of freight ca
Group 5	145,255,925	146,168,149	1,528,995	992,953,069	1068898498
Group 6	306,633,833	345,548,964	129,661,299	781,844,096	2726892653

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Exhibit No. 10 to Enoch's Testimony

Summary Showing Taxes and Assessments of the Railways in the United States, by States and Territories, for the year ending June 30, 1902.

6 Page 94. Exhibit No 10 Enoch Testimony

State or Territory.	Amt.	Per mile of line.	State or Territory.	Amt.	per mile of line
Alabama	$780,968	$187	New Jersey	$1,690,688	$770
Arkansas	530,683	171	New York	4,904,588	605
California	1,357,011	247	North Carolina	538,411	149
Colorado	1,263,928	268	North Dakota	621,020	210
Connecticut	1,031,308	1,005	Ohio	3,126,530	354
Deleware	101,125	301	Oregon	249,377	156
Florida	408,055	132	Pennsylvania	4,327,160	426
Georgia	651,896	120	Rhode Island	188,256	888
Idaho	325,008	244	South Carolina	450,792	152
Illinois	4,586,422	411	South Dakota	284,545	96
Indiana	2,661,222	477	Tennessee	742,984	240
Iowa	1,610,251	171	Texas	1,117,764	110
Kansas	2,196,626	251	Utah	310,113	206
Kentucky	897,683	296	Vermont	150,944	146
Louisiana	673,155	247	Virginia	759,719	204
Maine	370,366	198	Washington	629,083	215
Maryland	382,955	284	West Virginia	493,882	218
Massachusetts	2,925,598	1,401	Wisconsin	1,710,276	259
Michigan	1,509,444	190	Wyoming	174,112	141
Minnesota	1,752,493	247	Arizona	140,700	92
Mississippi	504,167	130	District of Col.	17,694	557
Missouri	1,402,107	203	Indian Territory	14,582	9
Montana	406,164	129	New Mexico	288,958	148
Nebraska	1,168,622	204	Oklahoma	198,654	139
Nevada	180,921	193	Total	53,192,928	274
New Hampshire	392,918	324			

Showing that average taxation was less in the states of Enoch v Mun Gedup VI

1590 *Final Decree.*

Entered and Filed November 26th, 1906.

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY.

In Equity. No. 13346.

This cause coming on for hearing upon the petition or bill of complaint, answers thereto, proof taken, stipulations of counsel, the proceedings before the Interstate Commerce Commission and the entire record, and the same having been duly considered by the Court:

It is hereby ordered, adjudged and decreed, that the order made by the Interstate Commerce Commission and drawn in question in this cause be in all things affirmed and made the order of this Court and that injunction issue restraining and enjoining the defendants, each and all of them, from further disobedience to said order, and from further maintaining or enforcing an advance of two cents per one hundred pounds established by defendant, the Louisville & Nashville Railroad Company, on June 22, 1903, and by the
1591 other defendants herein on April 15, 1903, over rates previously in effect for the transportation of lumber in carloads from shipping points on defendants' respective lines in the State of Louisiana east of the Mississippi River, and in the States of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River commonly called and known as Ohio River crossings, and from further charging, for the transportation of lumber as aforesaid, the rates resulting from said advance.

It is further ordered that the injunction herein granted be and is hereby suspended for ten days from November 26th, 1906, that is to say, until and including December 5, 1906, which time is allowed the Respondents within which to apply for a supersedeas should they or either of them desire to enter an appeal.

It is further ordered, adjudged and decreed, that the costs of this cause be taxed against and be paid by the defendants.

Ordered, adjudged and decreed, this the 26th day of November, A. D. 1906.

(Signed) CHARLES PARLANGE,
U. S. Judge.

1592 *Petition for Supersedeas.*

Filed November 30, 1906.

UNITED STATES OF AMERICA:

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION, Complainant,
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

Petition for Supersedeas.

To the Honorable Judges of the Circuit Court of the United States Sitting in Equity within and for the Eastern District of Louisiana:

Your petitioners, the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans and Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company and the Louisville & Nashville Railroad Company, defendants in the above entitled cause, respectfully show unto your Honors that on or about June 17, 1905, The Interstate Commerce Commission filed a bill of complaint against your petitioners, alleging violation, on the part of your petitioners, of a certain order made by said Commission on or about the seventh day of February, 1905, requiring your petitioners to cease and desist on or before April 1st, 1905, from further maintaining or enforcing an alleged unlawful advance of 2 cents per hundred pounds or the alleged unlawful rates resulting therefrom, for the transportation of lumber in carloads from ship-
1593 ping points on defendants' respective lines in Louisiana East of the Mississippi River, and in the states of Mississippi and Alabama to Cincinnati, Louisville, Evansville, and Cairo, and other points on the Ohio River, commonly called and known as Ohio River points, and praying, among other things, for an injunction restraining your petitioners from further continuing in their violation and disobedience of the said order of the Commission, as fully shown in said bill as it remains of record in said Court.

Your petitioners further show that such proceedings were had in said Court under said bill of complaint that on the 26th day of November, 1906, it was decreed,

"That the order made by the Interstate Commerce Commission and drawn in question in this cause, be in all things affirmed and made the order of this Court and that injunction issue restraining and enjoining the defendants, each and all of them, from further disobedience of said order, and from further maintaining or enforcing an advance of two cents per one hundred pounds established by defendant, the Louisville & Nashville Railroad Company, on June 22, 1903, and by the other defendants herein on April 15, 1903, over rates previously in effect for the tranportation of lumber in carloads from shipping points on defendants' respective lines in the state of Louisiana east of the Mississippi River, and in the states of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River commonly called and known as Ohio River crossings, and from further charging, for the transportation of lumber as aforesaid, the rates resulting from said advance.

"That the injunction herein granted be and is hereby suspended for ten days from November 26, 1906, that is to say until and including December 5, 1906, which time is allowed the Respondents within which to apply for a supersedeas should they or either of them desire to enter an appeal.

"That the costs of this cause be taxed against and be paid by defendants."

Your petitioners further show that said decree of this Court will necessitate the reduction in rates of two cents per hundred pounds on all lumber in carloads carried by any of your petitioners from any of the lumber shipping points on your petitioners lines, in the State of Louisiana East of the Mississippi River and in the states of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River, commonly called and known as Ohio River points or crossings, and to points basing on said Ohio River points or crossings.

1594 Your petitioners further show that they desire to pray an appeal from the said decree rendered by this court in the above entitled cause on the 26th day of November, 1906, to the Supreme Court of the United States, and petitioners have ready to be filed with the Clerk of this Court their petition for appeal together with an assignment of errors and appeal bond to be approved by this Court.

Your petitioners submit, that if they should put in effect said reduced rates on lumber in carloads carried by any of them from any of the lumber shipping points in the state of Louisiana East of the Mississippi River, and the states of Mississippi and Alabama to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River, commonly called and known as Ohio River points or crossings, and to points basing on said Ohio River points or crossings,

as is in effect ordered by said decree, and should accept the same for transportation of said lumber between said points of shipment and destination, they could not, in case the decree of this court should be reversed, recover back from shippers or consignees, the difference between such reduced rates and your petitioners' present rates from said points of shipment to said points of destination; or if your petitioners should have a legal right to recover back said difference it will be necessary for your petitioners to institute such a multiplicity of suits against the numerous consignees that the costs of such litigation would amount to more than your petitioners could ultimately recover; and therefore, your petitioners aver that the loss which they would sustain pending their said appeal by such reduction in their rates on said lumber in carloads as is in effect ordered by said decree, would be irremediable.

Your petitioners aver that if they should make the reductions in said rates as ordered by said decree, it would be difficult, if not impossible, to restore the present rates if said decree should be reversed.

1595 Your petitioners are willing and here offer to keep an accurate account of each and every shipment of lumber (yellow pine) in carloads made from any of the lumber shipping points on their respective lines in the state of Louisiana East of the Mississippi River and in the states of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River commonly called and known as Ohio River points or crossings, and to points basing on said Ohio River points or crossings, which account shall show the dates of the shipments, the names of the consignors and consignees, the weight of lumber carried, and the rate of freight charged; and to make reports to this Court of such shipments as often as the Court may order, and your petitioners hereby offer to execute a bond with sufficient surety to be approved by the court, payable to the United States of America or to such other payee as the Court may direct, in such reasonable penalty as the Court may order, conditioned for the prompt payment by your petitioners to such person or persons as may be legally entitled thereto, such amounts as your petitioners or any of them may collect pending said appeal over and above the reduced rates ordered by said decree; or said bond may be conditioned in such other manner as this Honorable Court may decree just and equitable to protect the interest of the shippers and consignees, pending said appeal.

The premises considered your petitioners pray, that the injunction ordered by said decree be superceded, that the execution of said decree be suspended; and that your petitioners be authorized to continue to charge their present rates on lumber (yellow pine) in carloads, from shipping points on their respective lines in the state of Louisiana East of the Mississippi River, and in the states of Mississippi and Alabama to Cincinnati, Louisville, Evansville, Cairo, and other points on the Ohio River commonly called and known as Ohio River points or crossings, and to points basing thereon, pending your petitioners' said appeal.

1596 As in duty bound your petitioners will ever pray, etc.

This is the first application for a supercedeas for said injunction, or for a suspension of the execution of said decree.

(Signed) ED. BAXTER,
Solicitor for Petitioners.

1597 STATE OF LOUISIANA,
Parish of Orleans, City of New Orleans:

Personally came and appeared before me Joseph Q. Gowland, a notary public, in and for the parish of Orleans and state of Louisiana, duly commissioned and qualified, Hunter C. Leake, agent for the above named petitioners, and general agent of the Illinois Central Railroad Company, who made oath in due form of law and says, that the facts stated in the foregoing petition as to petitioner's own knowledge are true, and that those stated on information and belief he believes to be true.

(Signed) HUNTER C. LEAKE.

Sworn to and subscribed before me this 30 day of November, 1906.

[SEAL.] (Signed) J. Q. GOWLAND, *Not. Pub.*

1598 *Order Suspending Execution of Decree and Superceding Injunction.*

Filed November 30, 1906.

UNITED STATES OF AMERICA:

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION, Complainant,
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

Order Suspending Execution of Decree and Superseding Injunction.

This cause came on further to be heard on this 30th day of November, 1906, before the Honorable Charles Parlange Judge, &c., upon the previous proceedings, and the petition filed herein on the 30th day of November, 1906, by the defendants the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the

Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company and the Alabama & Vicksburg Railway Company, and the Louisville & Nashville Railroad Company, praying for a suspension of the execution of the decree rendered herein on the 26th day of November, 1906, and for a supersedeas of the injunction ordered in said decree, pending the appeal which said defendants desire to pray from said decree.

1599 And it appearing to the Court that said defendants may be subjected to irreparable injury and to a multiplicity of suits if said decree should be executed and said injunction should be enforced, pending said appeal, it is ordered, adjudged and decreed by the court, that pending said appeal, said defendants keep an accurate account of each and every shipment of yellow pine lumber made from any of the lumber shipping points in Louisiana, East of the Mississippi River, and in the States of Mississippi and Alabama to Cairo, Evansville, Louisville, Cincinnati, and other points on the Ohio River, commonly designated as Ohio River points or crossings, which account shall show the dates of shipment, the names of consignors and consignees, the weight of lumber carried and the rate of freight charged, and make reports thereof to this Court once every three months pending said appeal; and that said defendants execute bond with sufficient surety to be approved by the Court payable to the United States of America for the benefit of whom it may concern in the penalty of Ten Thousand Dollars, conditioned that if said defendants fail to prosecute said appeal to effect, they will promptly pay to such person or persons as may be legally entitled thereto, such amounts as said defendants or any of them may collect, pending said appeal, from such person or persons for the transportation of yellow pine lumber from any of the lumber shipping points in Louisiana, East of *of* the Mississippi River, and in the States of Mississippi and Alabama to Cairo, Evansville, Louisville, Cincinnati, and other points on the Ohio River, commonly designated as Ohio River points or crossings, over and above the reduced rates from said points of shipment to said points of destination as ordered by said decree.

And thereupon said defendants executed said bond, and the same was approved by the Court; and it was ordered, adjudged and decreed by the Court that the execution of said decree be suspended and that said injunction be superseded pending said appeal.

(Signed) CHARLES PARLANGE,
U. S. District Judge.

This 30th day of November, 1906, 2:07 P. M. o'clock.

1600 *Special Bond.*

Filed Nov. 30, 1906.

UNITED STATES OF AMERICA:

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION, Complainant,

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

Special Bond.

Know all men by these presents, that we, the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, and the Louisville & Nashville Railroad Company, as principals, and Hunter C. Leake as surety are held and firmly bound unto the United States of America for the benefit of whom it may concern, in the sum of Ten Thousand Dollars ($10,000.00), to be paid to the said United States of America, for the benefit of whom it may concern, for the payment of which well and truly to be made, we bind ourselves, and each of us, our and each of our successors, heirs, executors, and administrators, jointly and severally, firmly by these presents.

Sealed with our seals, and dated the 30th day of November in the year of our Lord One Thousand Nine Hundred and Six.

1601 Whereas the above named, the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company and the Louisville & Nashville Railroad Company have filed a petition in the above entitled cause praying for a suspension of the execution of the decree rendered on the 26th day of November 1906, in said cause, in said Court, and for a supersedeas of the in-

junction ordered by said decree, pending the appeal which said defendants desire to pray from said decree;

Now therefore, the condition, of this obligation is such that if the above named Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company and the Louisville & Nashville Railroad Company, in the event they fail to prosecute said appeal to effect, they will promptly pay to such person or persons, as may be legally entitled thereto, such amounts as said defendants or any of them may collect pending said appeal from such person or persons for the transportation of yellow pine lumber from any of the lumber shipping points in Louisiana, east of the Mississippi River, and in the States of Mississippi and Alabama to Cairo, Evansville, Louisville, Cincinnati, and other points on the Ohio River, commonly designated as Ohio River points or crossings, over and above the reduced rates from said points of shipment to said points of destination as ordered by said decree, then this obligation shall be void; otherwise the same shall remain in full force and virtue.

ILLINOIS CENTRAL RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.

1602 GULF & SHIP ISLAND RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.

SOUTHERN RAILWAY COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.

MOBILE & OHIO RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.

NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.

ALABAMA GREAT SOUTHERN RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.

CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.

ALABAMA & VICKSBURG RAILWAY COMPANY, [SEAL.]
(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.
LOUISVILLE & NASHVILLE RAILROAD COMPANY, [SEAL.]
(Signed) By ED. BAXTER,
Solicitor and Attorney in Fact.
(Signed) HUNTER C. LEAKE, *Surety.* [SEAL.]

Signed, sealed and delivered, taken and acknowledged be-
1603 fore me, and approved by me this 30th day of November 1906, at 2:07 P. M. o'clock.
(Signed) CHARLES PARLANGE,
United States District Judge.

1604 *Petition for Appeal.*

Filed November 30, 1906.

UNITED STATES OF AMERICA:

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE *Commission* COMMISSION, Complainant,
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

Petition for Appeal.

To the Honorable Judges of said Court:

Your petitioners, Illinois Central Railroad Company, Gulf & Ship Island Railroad Company, Mobile & Ohio Railroad Company New Orleans & Northeastern Railroad Company, the Southern Railway Company, Alabama Great Southern Railroad Company, Cincinnati, New Orleans & Texas Pacific Railway Company, Alabama & Vicksburg Railway Company and Louisville & Nashville Railroad Company, defendants in the above entitled cause, conceiving themselves aggrieved by the final decree of this Court rendered in favor of complainant on the 26th day of November 1906, in the above entitled cause, do hereby appeal from said decree to the United States Su-

preme Court, for the reasons specified in the Assignment of Errors which is filed herewith.

1605 Wherefore, your petitioners pray for an order that said appeal may be allowed, and that a transcript of the record, proceedings, and papers upon which said decree was made, duly authenticated may be sent to the United States Supreme Court.

(Signed) ED. BAXTER,
Solicitor for Said Petitioners.

1606 *Order Granting Appeal.*

Filed November 30, 1906.

UNITED STATES OF AMERICA:

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION, Complainant,
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

Order Granting Appeal.

The above named defendants the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, and the Louisville & Nashville Railroad Company pray an appeal from the decree rendered by this Court in the above entitled cause on the 26th day of November 1906, to the Supreme Court of the United States; and said defendants having filed with the Clerk of this Court their petition for appeal, together with an assignment of errors and an appeal bond, which bond has been duly approved by the Court,

It is ordered, adjudged and decreed by the Court that said appeal be granted and allowed, and that a transcript of the record, and proceedings and papers upon which said decree was made, duly

1607 authenticated, be sent to the Supreme Court of the United States.

The foregoing is hereby approved for entry this 30th day of November 1906, at 2,25 o'clock.

(Signed) CHARLES PARLANGE,
U. S. District Judge.

1608 *Appeal Bond.*

Filed November 30, 1906.

UNITED STATES OF AMERICA:

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION, Complainant,

vs.

THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

Appeal Bond.

Know all men by these presents, that we, Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, and the Louisville & Nashville Railroad Company, as principals, and Hunter C. Leake as surety, are held and firmly bound unto the United States of America for the benefit of whom it may concern, in the sum of One Thousand dollars ($1,000.00), to be paid to the said United States of America for the benefit of whom it may concern, for the payment of which well and truly to be made, we bind ourselves, and each of us, our and each of our successors, heirs, executors and administrators, jointly and severally, firmly by these presents.

Sealed with our seals and dated this 30th day of November
1609 in the year of our Lord One Thousand Nine Hundred and Six.

Whereas, the above named the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company and the Louisville & Nashville Railroad Company, have pros-

ecuted an appeal to the Supreme Court of the United States on the 30th day of November 1906,

Now, therefore, the condition of this obligation is such that if the above named Illinois Central Railroad Company, Gulf & Ship Island Railroad Company, Southern Railway Company, Mobile & Ohio Railroad Company, New Orleans & Northeastern Railroad Company, Alabama Great Southern Railroad Company, Cincinnati, New Orleans & Texas Pacific Railway Company, Alabama & Vicksburg Railway Company, and Louisville & Nashville Railroad Company, shall prosecute said appeal to effect, and answer all damages and costs if they fail to make said appeal good, then this obligation shall be void; otherwise the same shall remain in full force and virtue.

ILLINOIS CENTRAL RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

GULF & SHIP ISLAND RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

SOUTHERN RAILWAY COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

1610 MOBILE & OHIO RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

ALABAMA GREAT SOUTHERN RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

ALABAMA & VICKSBURG RAILWAY COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

LOUISVILLE & NASHVILLE RAILROAD COMPANY, [SEAL.]

(Signed) By ED. BAXTER,
Its Solicitor and Attorney in Fact.

(Signed) HUNTER C. LEAKE, *Surety.* [SEAL.]

Signed, sealed and delivered, taken and acknowledged before me, and approved by me this 30th day of November 1906, at 2:24 P. M. o'clock.

(Signed) CHARLES PARLANGE,
U. S. District Judge.

1611 *Assignment of Errors.*

Filed November 30, 1906.

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION, Complainant,
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

Assignment of Errors.

And now on this 30th day of November in the year of our Lord, nineteen hundred and six, in the city of New Orleans, state of Louisiana, came the defendants in the above entitled cause viz: The Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile and Ohio Railroad Company, the New Orleans and Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans and Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, and the Louisville and Nashville Railroad Company by Ed Baxter, their solicitor, and say that in the decree rendered by said Circuit Court in the above entitled cause on the twenty-sixth day of November 1906, and in the record and proceedings in said cause in said Court, there is manifest error, as set forth in this their assignment of errors, which is filed simultaneously with their petition for appeal.

First.

The Circuit Court of the United States for the Eastern District of Louisiana erred in decreeing "That the order made by the
1612 Interstate Commerce Commission and drawn into question in this cause, be in all things affirmed and made the order of said Court," said order of said Commission being "That the advance of two (2¢) cents per hundred pounds established by the defendant, the Louisville & Nashville Railroad Company, on June 22, 1903, and by the other defendants herein on April 15, 1903, over rates pre-

viously in effect for the transportation of lumber in car loads from shipping points on defendants' respective lines in the state of Louisiana east of the Mississippi river, and in the states of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo, and other points on the Ohio river, commonly called and known as Ohio river points, which said advance has since been maintained and enforced by the defendants, was and is excessive, unreasonable and unjust, and in violation of the provisions of the act to regulate commerce; and that the rates and charges resulting from the said advance (which said rates are more specifically referred to in said report and opinion) are also excessive, unreasonable and unjust, and in violation of the provisions of the act to regulate commerce;" because said advance in rates, as well as the rates and charges resulting from said advance are not excessive, unreasonable or unjust, nor are they in violation of any of the provisions of the act to regulate commerce or of the amendments thereto.

Second.

The Circuit Court of the United States for the Eastern District of Louisiana erred in decreeing "that injunction issue restraining and enjoining the defendants, each and all of them, from further disobedience to said order, and from maintaining or enforcing an advance of two cents per one hundred pounds established by the defendant, the Louisville and Nashville Railroad Company on June 22, 1903, and by the other defendants herein on April 15, 1903, over rates previously in effect for the transportation of lumber in carloads from shipping points on defendants' respective lines
1613 in the state of Louisiana east of the Mississippi river and in the states of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio river commonly called and known as Ohio river crossings, and from further charging for the transportation of lumber as aforesaid the rates resulting from said advance;" because no ground was shown either in the pleadings or in the proof to justify the issuance of an injunction enjoining said respondents jointly and severally, to discontinue or to desist from maintaining or enforcing the said advance in rates made effective by the defendants on the dates aforesaid, to shipments of lumber in car loads from points in Louisiana east of the Mississippi river and in the states of Mississippi and Alabama to said points on the Ohio river.

Third.

The United States Circuit Court for the Eastern District of Louisiana erred in decreeing that the costs of the suit be taxed against and be paid by the defendants; because said costs should have been awarded against the complainant.

Fourth.

The United States Circuit Court for the Eastern District of Louisiana erred in decreeing in effect that said advance of two cents per hundred pounds in the rates on lumber in car loads charged by the

defendants from shipping points in Louisiana east of the Mississippi river and in the states of Mississippi and Alabama to the said points on the Ohio river, made effective on June 22, 1903, and April 15, 1903, was made under circumstances and conditions which eliminated all competition between defendants, whereas the exact reverse is the truth of the case.

Fifth.

The Circuit Court of the United States for the Eastern District of Louisiana erred in not dismissing said bill of complaint; because, the Court exercised the legislative function of making a rate; con-
1614 trary to the provisions of the Constitution of the United States which provides that legislative, executive and judicial functions shall be kept separate.

Sixth.

The Circuit Court of the United States for the Eastern District of Louisiana erred in decreeing, in effect, that the advance of 2 cents per 100 pounds established by the defendant, the Louisville and Nashville Railroad Company June 22, 1903, and by the other defendants herein on April 15, 1903, over rates previously in effect for the transportation of lumber in carloads from shipping points on defendants' respective lines in the state of Louisiana east of the Mississippi river, and in the states of Mississippi and Alabama to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio river, commonly called and known as Ohio river points, is excessive, unreasonable and unjust; because, the charges made on shipments of lumber from points in Louisiana east of the Mississippi river, and in the states of Mississippi and Alabama to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio river, when shipments are destined to points north of said River, are mere division of through rates, the justness of which neither the Interstate Commerce Commission nor the Circuit Court has any jurisdiction to determine.

Seventh.

The Circuit Court of the United States for the Eastern District of Louisiana erred in decreeing that injunction issue enjoining said defendants from maintaining or enforcing said advance, in so far as it applied to points basing on Ohio river destinations; because, the Interstate Commerce Commission only found that said advance in rates, made effective on June 22, 1903 and April 15, 1903, from different points in Louisiana east of the Mississippi river and in the states of Mississippi and Alabama to Ohio river crossings was unreasonable and unjust, and it did not find that the rates from
1615 said shipping points to points basing on Ohio River crossings were either unreasonable or unjust; nor was there any evidence before either the Commission or the Court that would have justified such finding.

Wherefore, the above named defendants in the above entitled cause, viz: the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the

Mobile & Ohio Railroad Company, the New Orleans and Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans and Texas Pacific Railway Company, the Alabama and Vicksburg Railway Company and the Louisville and Nashville Railroad Company, pray that said decree of said Circuit Court of the United States for the Eastern District of Louisiana rendered in the above entitled cause on the twenty sixth day of November 1906, be reversed, and that said Circuit Court be ordered to enter a decree dismissing the original bill filed in the above entitled cause in said Court by the said Interstate Commerce Commission against said defendants.

(Signed) ED. BAXTER,
Solicitor for the Above-named Defendants and Appellants.

This 30th day of November, 1906.

1616 *Citation of Appeal.*

Filed Nov. 30, 1906.

UNITED STATES OF AMERICA:

In the Circuit Court of the United States for the Eastern District of Louisiana.

THE INTERSTATE COMMERCE COMMISSION, Complainant,
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, THE GULF & SHIP ISLAND RAILROAD COMPANY, THE SOUTHERN RAILWAY COMPANY, THE MOBILE & OHIO RAILROAD COMPANY, THE NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY, THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY, THE ALABAMA & VICKSBURG RAILWAY COMPANY, THE LOUISVILLE & NASHVILLE RAILROAD COMPANY, Defendants.

Citation of Appeal.

To the Interstate Commerce Commission:

You are hereby cited and admonished to be and appear at the Court room of the Supreme Court of the United States at Washington, D. C., on the 30th day of December 1906 pursuant to an appeal allowed and granted by the Circuit Court of the United States for the Eastern District of Louisiana in the case of the Interstate Commerce Commission as Appellee, and the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Com-

pany and the Louisville & Nashville Railroad Company, as appellants, to show cause, if any there be, why the decree of said Circuit Court of the United States for the Eastern District of Lou-
1617 isiana rendered on the 26th day of November, 1906, should not be corrected and speedy justice should not be done to the parties on that behalf.

Witness the Honorable Melville W. Fuller, Chief Justice of the United States, this 30th day of November in the year of our Lord, 1906.

(Signed) CHARLES PARLANGE,
U. S. District Judge.

Service of within citation acknowledged by me this 30th day of November, A. D. 1906.

(Signed) RUFUS E. FOSTER,
Ass't U. S. Att'y.

1618 *Order Extending Time for Return of Appeal.*

U. S. Circuit Court, Eastern District of Louisiana. In Equity.

No. 13346.

THE INTERSTATE COMMERCE COMMISSION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET ALS.

On motion of Baxter, Andrews and Anderson, Counsel for the Defendants and Appellants in the above entitled and numbered cause and upon suggesting to the Court that an Appeal from the Decree in this cause was taken by the said defendants on November 30th, 1906, returnable in the Supreme Court of the United States on December 30th, 1906; and upon further suggesting to the Court that the record in this cause is voluminous, consisting of a large quantity of documents and other papers, as shown by the certificate of the Clerk annexed, and that it will be impossible for the Clerk of this Court to complete the Transcript of Appeal within time to be filed upon the return day of the Appeal herein, to-wit: December 30, 1906, and that an extension of time is necessary within which to complete said Transcript of Appeal:

It is ordered by the Court that an extension of thirty days from and beyond the return of the Appeal herein, to-wit: December 30th, 1906, be allowed the Appellants herein within which to have completed and filed the said Transcript of Appeal, in accordance with Rule 9 of the Supreme Court of the United States.

New Orleans, Louisiana, December 15th, A. D. 1906.

(Signed) CHARLES PARLANGE,
United States Judge.

1619 UNITED STATES OF AMERICA:

Circuit Court of the United States, Fifth Circuit, and Eastern District of Louisiana.

CLERK'S OFFICE.

I, Henry J. Carter, Clerk of the Circuit Court of the United States, for the Fifth Circuit and Eastern District of Louisiana, do hereby certify that the foregoing 1618 pages contain and form a full, complete, true and perfect transcript of the Record and Proceedings had, and Assignment of Errors and Appeal papers, together with the evidence adduced on the trial of the case of The Interstate Commerce Commission *versus* The Illinois Central Railroad Company, The Gulf and Ship Island Railroad Company, The Southern Railway Company, The Mobile and Ohio Railroad Company, The New Orleans and Northeastern Railroad Company, The Alabama Great Southern Railroad Company, The Cincinnati, New Orleans and Texas Pacific Railway Co., The Alabama and Vicksburg Railway Company, The Louisville and Nashville Railroad Company, No. 13346 of the Docket of the said Court, and the evidence covered by stipulation and statements copied in the Transcript.

Witness my hand and the seal of said Court, at the City of New Orleans, this 24 day of January, A. D. 1907.

[Seal Circuit Court for the 5th Circuit, Eastern District of La.]

H. J. CARTER, *Clerk.*

I, Charles Parlange, United States Judge for the Eastern District of Louisiana, do certify that Henry J. Carter, whose name is signed to the above certificate as Clerk of the Circuit Court of the United States for the Fifth Circuit and Eastern District of Louisiana, was, at the time of signing said certificate, and is now the Clerk of said Court. That said certificate is in due form of law, and that full faith and credit are due to his official attestations as such Clerk.

Given under my hand, at the City of New Orleans, in said District, this 24 day of January, A. D. 1907.

CHARLES PARLANGE, *Judge.*

Endorsed on cover: File No. 20,553. E. Louisiana C. C. U. S. Term No. 588. Illinois Central Railroad Company, Gulf & Ship Island Railroad Company, Southern Railway Company *et al.*, appellants, *vs.* The Interstate Commerce Commission. Filed January 29th, 1907. File No. 20,553.

Vol. II.

TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1906.

No. 588.

ILLINOIS CENTRAL RAILROAD COMPANY ET AL., APPELLANTS,

vs.

INTERSTATE COMMERCE COMMISSION.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF LOUISIANA.

FILED JANUARY 29, 1907.

(20,553.)

(20,553.)

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1906.

No. 588.

ILLINOIS CENTRAL RAILROAD COMPANY ET AL., APPELLANTS,

vs.

INTERSTATE COMMERCE COMMISSION.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF LOUISIANA.

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BEFORE THE INTERSTATE COMMERCE COMMISSION.

THE CENTRAL YELLOW PINE ASSOCIATION

vs.

THE ILLINOIS CENTRAL RAILROAD CO. ET AL.

HEARING AT NEW ORLEANS, LA., DECEMBER 8, 9, 10, 11, AND 12, 1903.
HEARING AT WASHINGTON, D. C., FEBRUARY 15, 16, AND 17, 1904.

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Appearances: T. M. Miller and Marcellus Green for complainant; Ed Baxter and S. F. Andrews for Illinois Central R. R. Co.; E. J. Bowers and E. H. Chaff for Gulf & Ship Island R. R. Co.; Ed Baxter, Claudian B. Northrop, and T. C. Catchings for Southern Railway Company; E. L. Russell and S. R. Prince for Mobile & Ohio R. R. Co.; Ed Baxter for New Orleans & Northeastern R. R. Company; Alabama Great Southern R. R. Company; Cincinnati, New Orleans & Texas Pacific Ry. Co.; Alabama & Vicksburg Ry. Co., and Louisville & Nashville R. R. Co.

14* NEW ORLEANS, LA., *December 8th, 1903—10 o'clock a. m.*

GEORGE S. GARDINER, a witness on behalf of the complainant, having been duly sworn, testified as follows:

Mr. MILLER. Mr. Gardiner, I will ask you first whether or not you are a member of the complainant association?

Mr. GARDINER. Yes, sir.

Mr. MILLER. When was that association formed?

Mr. GARDINER. It was formed in April, 1903.

Mr. MILLER. What were its objects?

Mr. GARDINER. Its objects were to protect the interests of the yellow pine manufacturers of the central territory in the matter of railroad rates.

Mr. MILLER. Did it have in view any attack upon the system of tap-line allowances made west of the river?

Mr. GARDINER. Yes, sir.

Mr. MILLER. What rate matter was especially in view?

Mr. GARDINER. There were two matters in view, and resolutions were passed when the association was organized to the effect that the advance in rates be resisted and that the tap-line allowances be discontinued.

15* Mr. MILLER. Had you or other lumbermen, before the formation of this association, made any representations to officials representing any of these leading railroads in this territory, parties to this advance, in the nature of a protest or otherwise against the advance? If so, who were they, and where did you see them, and who took part with you?

Mr. GARDINER. The first information I had in relation to the advance in rates was a conversation with Mr. Steele in the early part of February.

Mr. MILLER. Who is Mr. Steele?

Mr. GARDINER. The general freight agent of the New Orleans & Northeastern Railroad. The information I got from him was to the effect that the railroads east of the river proposed to advance the rates 2 cents per hundred pounds, and that they proposed to advance the rates even if the roads west of the river did not advance the rates; that that was their determination; and I went to Chicago a few days afterwards to see Mr. Bowes in relation to the matter.

Mr. MILLER. Who is Mr. Bowes?

16* Mr. GARDINER. General freight agent of the Illinois Central Railroad. He informed me in the conversation that day that they had agreed to advance the rates on both sides of the river and that there would be no discrimination against the east side, because the rates would be advanced from both sides to the same extent, and

in conversation with him at that time I explained to him the discrimination that already existed in favor of the lines west of the river by the tap-line allowances they had over there of anywhere from 2 cents to 5 cents per hundred pounds.

Mr. MILLER. I want to state to Commissioner Yeomans, who was not present at Atlanta, that this tap-line testimony as to the divisions west of the river was stipulated into this case. Go ahead, Mr. Gardiner.

Mr. GARDINER. I urged him to take the matter up and see if they could not get an adjustment of rates that would take into consideration that tap-line allowance over there; that we ought to be on the same basis that the mills were west of the river; and while he was somewhat interested in the question, he did not make any promise as to what he would do, or that he could do anything; but at a subsequent meeting about a month later, at which Mr. Enochs was
17* present with me, he suggested that Mr. Enochs and I attend a meeting that was to be held a day or two later at Atlanta and take the matter up with them and see if they could not be interested to force an adjustment with the roads west of the river, and put us on the same basis; that is, to adjust the rates so that there would be no discrimination in that way. We did not ask him for a tap-line allowance at that time, but we wanted, when the rates were adjusted, practically the same rates from the east side of the river that they had from the west side. Mr. Enochs and I went to Atlanta and appeared before the meeting of the association there and stated what we wanted. There was nothing done, however, that we knew anything about. Afterwards I went to Washington to see Mr. Powell in regard to the matter.

Mr. MILLER. Who is Mr. Powell?

Mr. GARDINER. The freight traffic manager of the Southern Railway. We urged upon him the necessity of having the same basis between the east side and west side of the river on rates into this Central Traffic Association territory. He explained that he did not see how they could do anything with the lines west of the river;
18* that they were disposed to make that allowance anyway; that they had talked to them, but did not believe that they could do anything. I told him at that time that I thought the advance in rates was a mistake; that the business was not as profitable as he thought it was, or as the railroad people represented—I mean the lumber business was not as profitable—that there was a mistaken idea on the part of railroad people as to the prosperity of the lumber business. He said they had all determined to advance the rates, and that they would go into effect April 15th. This was, I think, about two weeks prior to the advance in rates on April 15th that I had the interview with Mr. Powell.

Mr. MILLER. Did he say anything to you about your being able to add this advance of rates to the price and thereby remove the cause of complaint of the lumber people?

Mr. GARDINER. I think that was the argument used by the general freight agents with whom I talked. Mr. Powell used that argument, and Mr. Hudson, and the general freight agents who were at Washinton before the Interstate Commerce Commission in the informal talk we had there stated that all that would be necessary for us to do would be for us to ask the advance and customers would pay it.

19* Mr. MILLER. Now, after these efforts had failed in every direction, did you proceed to form this association?

Mr. GARDINER. Yes, sir.

Mr. MILLER. You and others?

Mr. GARDINER. Yes, sir.

Mr. MILLER. What position do you hold in it?

Mr. GARDINER. I am president.

Mr. MILLER. Who is secretary?

Mr. GARDINER. Mr. Enochs is secretary.

Mr. MILLER. How many members is it composed of?

Mr. GARDINER. I think there are 36 members. I have in my file a list of the members.

Mr. MILLER. They are all large shippers, are they not?

Mr. GARDINER. Yes, sir.

Mr. MILLER. Situated on what roads?

Mr. GARDINER. Situated on the Illinois Central, New Orleans & Northeastern, the Gulf & Ship Island, the Alabama Great Southern, the Mobile & Ohio, and one or two roads up in Alabama that I am not acquainted with.

Mr. MILLER. How about the Louisville & Nashville?

Mr. GARDINER. And the Louisville & Nashville, too.

Mr. MILLER. And the Mobile & Ohio?

20* Mr. GARDINER. Yes, sir.

Mr. MILLER. There is a member in Georgia, is there not?

Mr. GARDINER. I do not know what road he is on.

Mr. MILLER. Have you a copy of the constitution and by-laws, or articles of association of the Central Yellow Pine Association?

Mr. GARDINER. Yes, sir. [Producing same.]

Mr. MILLER. The purpose was to save the members against extortion, and not to practice extortion on the public; is that the idea?

Mr. GARDINER. Yes, sir.

Mr. MILLER. Did you have any purpose to fix prices to the trade?

Mr. GARDINER. None at all. It was not discussed in any meeting.

Mr. MILLER. As a matter of fact, has the association done anything in that direction at any time?

Mr. GARDINER. No; they never have undertaken to make prices, fix prices, or agree on prices in anyway.

Mr. MILLER. Well, now, after this association was formed, do
21* you remember going with Mr. Enochs and one or two other members to Washington with a view to making complaint before the Commission, and having a conference there at the suggestion of the Commission with certain representatives of the railroads implicated?

Mr. GARDINER. Yes, sir. When this association was organized and we had our first meeting and passed a resolution that we would resist the advance in rates, we immediately telegraphed to the Interstate Commerce Commission asking for a hearing, and the hearing was appointed for the following Monday. I think the telegram was sent on Friday, and the meeting was set for the following Monday or Tuesday. We met the Commission in Washington and they suggested that we have an informal meeting with the railroad people and see if the matter could not be adjusted without any further controversy or action, and telegrams were sent out by Chairman Knapp of the Commission to the various railroads interested, and a meeting

was arranged for the following Saturday. There were represented at that meeting the Illinois Central, the Southern Railway, the Louisville & Nashville, I believe, the Iron Mountain Railroad, the Cotton Belt, and I think the Central of Georgia. I am not certain
22* about that, but I think the Central of Georgia was represented.

Mr. MILLER. A discussion took place at that conference between the lumber men and railroad people, did it not?

Mr. GARDINER. Yes, sir.

Mr. MILLER. Do you recollect what reasons were advanced by Mr. Hudson, traffic manager of the Illinois Central, for this advance?

Mr. GARDINER. Mr. Hudson, I remember very well, stated that the operating expenses of the railroads were increasing very rapidly and out of proportion to the gross receipts of the company, so that there was a decreasing increase, I believe, as he expressed it, or an increasing decrease, to show that the railroads were not making sufficient money——

Mr. MILLER. That was the last 6 months of 1902 compared with the 6 months of the previous year?

Mr. GARDINER. Yes, sir. They had agreed to advance wages, I believe, the latter part of December, taking effect, I think, the first of January and they said that the large increase of operating expenses made it necessary for them to advance their rates and that they had investigated the suject and believed that lumber
23* could stand the advance and they put it on that; that is, they put the advance of 2 cents on that. Mr. Hudson claimed, however, that they had advanced other rates and proposed to advance still other rates, and had determined to put 2 cents on lumber to secure sufficient revenue.

Mr. MILLER. Do you remember those gentlemen representing the railroads producing a lot of bills from Louisville and other places, tending to show a marked advance in the price of lumber over the price in effect a year before?

Mr. GARDINER. Yes, sir. I think Mr. Culp or Mr. Powell had records of lumber purchased and delivered at their shops for their own use, that showed an advance in price in the last 4 or 5 years of something like three or four or five dollars a thousand.

Mr. MILLER. Did any of those gentlemen say anything about a claim of the railroads to share in the prosperity that the lumber people were supposed to enjoy, and was anything said to the effect that owing to the great demand for lumber that all you had to do was to add this advance to the price and it would fall on the consumer and not on the shipper?

Mr. GARDINER. Yes, sir; that was the statement, I think, of
24* every freight agent with whom I talked, that all that was necessary was for us to charge the advance to the customer and he would pay it, and we would not lose anything by the advance of rates.

Mr. MILLER. Mr. Culp produced figures, did he not, tending to show a greatly increased cost in building materials to the railroads—structural materials and things of that sort?

Mr. GARDINER. Yes, sir; he had lumber bills, and then he talked of the advance in the price of rails and the advance in the price of iron and various other things that the railroads used, as a reason for the advance in rates.

Mr. MILLER. Now, Mr. Gardiner, how long have you been in the lumber business?

Mr. GARDINER. Well, I have been in the lumber business in the South since 1891, and I have been actively engaged in the management of the lumber business since 1877.

Mr. MILLER. And in the South since 1891?

Mr. GARDINER. Yes, sir.

Mr. MILLER. Where is the plant and what is it that you are connected with now?

25* Mr. GARDINER. I am president of Eastman, Gardiner & Company, at Laurel, Miss.

Mr. MILLER. That is the junction of what railroads?

Mr. GARDINER. Of the New Orleans & Northeastern with the Gulf & Ship Island branch.

Mr. MILLER. What is the annual output of that plant?

Mr. GARDINER. About sixty millions—a little more than sixty millions a year.

Mr. MILLER. Now, how long have you been concerned, or concerning yourself, about the lumber rates in Mississippi—how long has that been a matter of observation to you?

Mr. GARDINER. Well, I have been concerned with the lumber rates since I came South and commenced lumber operations here, but particulary since 1893.

Mr. MILLER. Did you have to do with the reduction made in 1894 of the freight rate to the Ohio River or to Cairo—excuse me, before we take that up, what amount is invested in the milling interests in the territory affected by this charge? What do you know about that from observation and reliable information—I mean to say in the territory affected by the advanced charges of these railroads?

26* Mr. GARDINER. Well, I have estimated the production of lumber in Mississippi—the principal production of the association is in Mississippi—and I have estimated the production of Mississippi per month as follows: The Gulf & Ship Island, 3,500 cars; the Illinois Central on its own line, 2,500 cars; the New Orleans & Northeastern, 2,500 cars; the Mobile & Ohio, 2,500 cars; the M. J. & K. C., 1,000 cars, and the A. & V., 300 cars, a total for a month of about 12,300 cars.

Mr. MILLER. What do you make the aggregate per annum?

Mr. GARDINER. That number includes the lumber manufactured for export along the lines of the railroads and shipped over the railroads for export. I estimate that there are about 118,000 cars of lumber shipped to the interior from Mississippi per annum, and that there are about 29,000 cars manufactured and shipped by rail to the coast for export.

Com'r. PROUTY. To what countries?

Mr. GARDINER. Well, all over the world. Some goes to Africa, some to Germany, some to England, South America, Central America, and Cuba.

Com'r. PROUTY. Does any go by water to eastern markets?

27* Mr. GARDINER. I think not. I think there is very little lumber that moves from the Gulf ports—that is, from Mississippi Gulf ports—to the East by water. There is from time to time a little lumber moved that way, but I think it is a very small per cent of the production.

Mr. MILLER. Right there I would like to ask if any lumber moves from this territory to Central Traffic Association territory?

Mr. GARDINER. No; it would not be practicable.

Mr. MILLER. The Mississippi River would be the only means of sending it?

Mr. GARDINER. Yes, sir; and it would require rail transportation to the Mississippi River.

Mr. MILLER. Did you ever hear of any sent to Illinios, Indiana, or Ohio that way?

Mr. GARDINER. No, sir.

Com'r PROUTY. Can you show where that lumber is marketed?

Mr. GARDINER. I have the figures for our own mills for three years—the distribution, by States, of shipments in the neighborhood of 3,000 cars.

Mr. MILLER. That is, 3,000 cars per annum?

Mr. GARDINER. Yes, sir.

28* Mr. MILLER. What did you make the total output?

Mr. GARDINER. I estimate the total output of yellow pine lumber from all mills in Mississippi at fifteen hundred million.

Mr. MILLER. What proportion of that goes coastwise?

Mr. GARDINER. That all goes to the interior. There are about five hundred million that go export.

Com'r FIFER. Have you got that estimate in cars?

Mr. GARDINER. Yes, sir. I think there are approximately one hundred and eighteen thousand cars that go to interior points.

Com'r FIFER. What estimate have you made for Alabama?

Mr. GARDINER. I have not made an estimate as to that.

Com'r FIFER. What about the portion of Louisiana east of the Mississippi River?

Mr. GARDINER. That is included in what I call "Mississippi." There is only a small stretch of road of the Illinois Central.

Com'r PROUTY. What part of this total production does your association represent?

Mr. GARDINER. I think the association represents about seven hundred millions.

Mr. MILLER. In the neighborhood of one-half?

29* Mr. GARDINER. Yes, sir; I think that represents it.

Mr. MILLER. What do you make the value of that output at the mill?

Mr. GARDINER. The average value of yellow pine is probably at the present time eleven dollars per thousand feet. That would be about sixteen million dollars.

Mr. MILLER. What do you estimate this advance of 2 cents per hundred pounds per car?

Mr. GARDINER. The 2 cents advance would be ten dollars per car, approximately. That would represent the advance in rates—would represent an additional cost on the lumber moved from Mississippi in the neighborhood of a million dollars for a year.

Com'r. PROUTY. Is the amount of lumber produced in Alabama large or small?

Mr. GARDINER. It is less than in Mississippi, but it is very large in Alabama.

Mr. MILLER. A large number of the mills in Alabama are in this association. They are between Montgomery and Mobile. That is a rich pine region. Now, Mr. Gardiner, do you know, or are you
30* able to form something like a fair estimate of the amount of capital invested in plants in this territory, exclusive of the timber?

Mr. GARDINER. I think a conservative estimate is five million dollars in Mississippi.

Mr. MILLER. Does that embrace the cost of logging roads?

Mr. GARDINER. Yes, sir; that would represent the cost of logging roads, too.

Mr. MILLER. What do you call the Central Traffic territory?

Mr. GARDINER. It is the territory on and north of the Ohio River and on and east of the east bank of the Mississippi River and west of the Buffalo-Pittsburg line.

Mr. MILLER. Now, coming back to this rate question, Mr. Gardiner, have you got a statement prepared showing the production of yellow pine lumber in Mississippi by mills?

Mr. GARDINER. You mean individual mills?

Mr. MILLER. Yes, sir.

Mr. GARDINER. No, sir; I have not anything of that kind.

Mr. MILLER. Well, now, can you give the Commission a history of the freight rates to Cairo, and state when Cairo was made the basing point generally for that Central Traffic territory—I believe
30* that extends as far east as the Buffalo-Pittsburg line?

Mr. GARDINER. Yes, sir; the Buffalo-Pittsburg line.

Mr. MILLER. Of course the Commission have all these rates, but we want to call particular attention to this.

Com'r. FIFER. Why could you not stipulate such matters into the record. They were taken fully at Atlanta.

Mr. MILLER. I do not know that the testimony there dealt specifically with this Mississippi rate. I am aware that there was some testimony there showing the rate to Cairo from Mississippi, but I want to show the connection Mr. Gardiner had and the previous protests to the railroads and the action of the railroads in respect to this rate.

Mr. GARDINER. As stated a little while ago, my connection with the adjustment of rates commenced in 1893, when the railroads east of the Mississippi River made what they called an adjustment of rates, which really made an advance of rates to the Central Traffic territory of anywhere from one to three or five cents per hundred pounds.

Mr. MILLER. What was the rate then to Cairo?

Mr. GARDINER. The rate at that time to Cairo was 13 cents. That was prior to 1893—I say 13 cents. The rates north of the Ohio River, when they were worked out, made the same rates as were in
32* effect when the 13-cent rate was in effect to Cairo. Now, for the information of the Commission, and I think a good many railroad people who are here that were not perhaps interested in the lumber traffic part of the railroad business at that time, I have a copy of the protest that I made against the advance in rates, or this readjustment which resulted in an advance in rates in 1893, and it shows in this protest that we were undertaking all the time on this side of the river to meet the competiton of the lines west of

the Mississippi River who had in effect at that time a 13-cent rate to Cairo, and that the railroads east of the Mississippi River had met the rates to various large consuming points, but it made an irregularity of rates. Some of the points had not been reduced to the 13-cent basis, and some had. For instance, there were some points in Illinois that bore a lower rate from Illinois Central points than applied from the Q. & C., or the lines in Alabama and Georgia, and on the other hand there were points in Ohio that bore a lower rate from those Eastern States than applied from Illinois Central points, and the adjustment of rates made in 1893 operated to advance the rates to a 15-cent basis to Cairo: and it was against that advance that we made the protest, and our protest was effective
33* after a time. It took about a year to bring about an adjustment of rates to the Arkansas basis of 13 cents, which, in Mr. Culp's testimony at Atlanta he stated they finally reached in meeting the competition of Arkansas.

Mr. MILLER. That document is interesting. I should be glad to have the witness read that representation he made to the associated railroads at that time. It is not long. Suppose you read that, Mr. Gardiner.

Mr. GARDINER. This is an argument before the Southeastern Traffic Association at Asheville, N. C., in the autumn of 1893:

"To the traffic managers of railroads east of the Mississippi River interested in the distribution of long-leaf yellow pine:

"At a meeting of the representatives of the Southern Lumber Manufacturers of Georgia, Alabama, and Mississippi, held at Birmingham July 8th, called together to consider the proposed advance in freight rates, a general statement of facts was prepared and a committee of four selected to present this report to the traffic managers of the interested roads, to request that the proposed advance in rates be postponed until the committee could gather such in-
34* formation and prepare an argument to sustain the statement of facts formulated at their Birmingham meeting.

"As a result of the committee's efforts in this direction they are here to-day, and lay before you the result of their labors in this matter.

"The members of the committee have taken great pains to gather reliable information, and to satisfy themselves that their information as to the relative condition of affairs in Arkansas and the territory east of Mississippi is correct they visited the principal producing points in Arkansas which are competitors of ours for the Indiana, Illinois, and Ohio trade; their conclusion is that the position taken by the gentlemen who formulated these rates is without foundation, and they therefore submit the following propositions:

"First proposition: That notwithstanding the position taken by the traffic managers of the interested roads, the recent so-called readjustment of rates is a radical advance in the tariff to nearly all points north of the Ohio River, and especially to all points where large shipments have heretofore been made.

35* "Second proposition: That the authors did not take into consideration the relative distances from points of productions, but had in view continually a difference in the rates of from 2 to 3 cts. per cwt., or 75 cts. to $1.00 per M as due to the Arkansas manufacturers to offset an assumed superiority of long-leaf pine for all

purposes, to enable them to compete with the mills of Mississippi, Alabama, & Georgia.

"Third proposition: That excepting for special purposes for which there is a limited demand, no more can be obtained for long-leaf than for short-leaf pine, while the entire product brings a lower average price, and there is not at present, nor has there been for the past year, a demand for these special requirements exceeding 10% of the total products of the mills engaged in the manufacture of L. L. P., while 90% must be sold in direct competition with the products of the Arkansas mills.

"Fourth proposition: That the conditions of trade and production have changed and reduced every year the proportion of lumber required for special purposes.

"Fifth proposition: That for many purposes the short-leaf pine is considered superior and is preferred to long-leaf pine and commands a higher price.

36* "Sixth proposition: That the cost of production, including logging and manufacturing is no greater in the short leaf than in the long leaf district.

"Seventh proposition: That in preparing the present and all previous freight tariffs the authors have evidently never comprehended the relative weight of long leaf as compared with short leaf pine.

"Referring to the first proposition, the committee herewith present a list of all the stations to which the interested roads quote rates in their new tariff sheet in the States of Indiana, Illinois, and Ohio.

"To clearly establish our position, that a radical advance has been made, we have taken the Q. & C. tariff sheet # 8, in force prior to July 16th, and their sheet 9, which is at present in force, and from them have entered on our schedule both lists of rates. A comparison of the two lists shows the following changes:

"In the State of Indiana there are

"122 towns to which the rates have been advanced;

"5 towns to which the rates have been reduced;

"19 towns to which the rates remain unchanged.

37* "In the State of Ohio there are

"143 towns to which the rates have been advanced;

"4 towns to which the rates have been reduced;

"95 towns to which the rates remain unchanged.

In the State of Illinois there are

"46 towns to which the rates have been advanced;

"16 towns to which the rates have been reduced;

"358 towns to which the rates remain unchanged.

"While this list of figures proves conclusively that our position is correct, it does not by any means indicate the extent of the advance in rates. It is only by analyzing the figures carefully that we are able to see the injustice the authors of the so-called readjustment have done the manufacturers of long-leaf pine.

"The analysis of the figures as suggested discloses the fact that there is not a town of any importance named on the tariff in any of the three States to which rates have been reduced, while to nearly all the cities that are extensive consumers of yellow pine the rates were advanced from 1 to 4 cts. per 100, and apparently to those places

38* to which shipments have heretofore been most extensive the

advance in rates applies to the greatest extent. On the other hand, there is not a town of any importance as regards the consumption of yellow pine to which rates have been reduced.

"Regarding the second proposition, we submit the following list of distances and rates, as evidence that our statement is true, viz, that distances were not considered in formulating the tariff, and that in territory naturally tributary to the producing section east of the Mississippi River rates were advanced from the long leaf section until the same difference in rates in favor of Arkansas prevails as in sections naturally tributary to Arkansas:

	Texarkana to St. Louis via Cotton Belt	635
	Brookhaven to St. Louis via I. C	573
	Hattiesburg to St. Louis via Q. & C.-M. & O	595
	Waynesboro to St. Louis via M. & O	561
	Brewton to St. Louis via L. & N	728
39*	Texarkana to Cairo via Cotton Belt	418
	Brookhaven to Cairo via I. C	421
	Hattiesburg to Cairo via Q. & C. & M. & O	441
	Waynesboro to Cairo via M. & O	409
	Texarkana to Indianapolis via Cairo	676
	Hattiesburg to Indianapolis via Cairo	698
	Hattiesburg to Indianapolis via Louisville	809
	Brookhaven to Indianapolis via Cairo	678
	Waynesboro to Indianapolis via Cairo	666
	Brewton to Indianapolis via Louisville	736
	Texarkana to Springfield, O., via Cairo	914
	Brookhaven to Springfield, O., via Cairo	917
	Hattiesburg to Springfield, O., via Cairo	937
	Waynesboro to Springfield, O., via Cairo	905
	Brewton to Springfield, O., via Cin'ti	846
	Hattiesburg to Springfield, O., via Cin'ti	854
	Waynesboro to Springfield, O., via Cin'ti	822
40*	Texarkana to Cleveland via Cairo	1,129
	Brookhaven to Cleveland via Cairo	1,132
	Hattiesburg to Cleveland via Cairo	1,152
	Waynesboro to Cleveland via Cairo	1,120
	Brewton to Cleveland via Cincinnati	1,007
	Hattiesburg to Cleveland via Cincinnati	1,015
	Waynesboro to Cleveland via Cincinnati	983
	Texarkana to Dayton, O., via Cairo	739
	Brookhaven to Dayton, O., via Cin'ti	791
	Hattiesburg to Dayton, O., via Cin'ti	774
	Waynesboro to Dayton, O., via Cin'ti	742
	Brewton to Dayton, O., via Cin'ti	766
	Texarkana to Columbus via Cairo	959
	Brookhaven to Columbus via Cairo	956
	Hattiesburg to Columbus via Cin'ti	834
	Brewton to Columbus via Cin'ti	826
	Waynesboro to Columbus via Cin'ti	802

41* "To all points north of Cairo on shipments going via Cairo the distance is practically the same from Arkansas as from points in Mississippi.

"On all such shipments, however, the basing rate from Arkansas to Cairo is 13 cents, while from Mississippi the basing rate on shipments is 15 cents to some of the same points and to many other 16 cents, or two and three cents more than from Arkansas.

"An examination of the list showing distances and rates to Ohio points shows that Arkansas has 2 to 2½ cents lower rates than the new tariff quotes from our territory, while the distance is from 50 to 150 miles less from our stations that from Texarkana.

"These figures clearly establish the fact that distance was not considered, and only the assumed superiority of our lumber was the foundation for the difference in rates.

"Concerning the third proposition, we would say that it is generally admitted that for R. R. bridges, heavy structural purposes, and car sills long leaf pine is superior to any other wood as regards both strength and durability.

"We know of no other purpose for which L. L. P. is pre-
42* ferred to S. L. P. to the extent that it will command a fraction of a cent higher price.

"The records of our business which we have brought for your inspection show that not over 10% of the total product of our mills was manufactured into this class of lumber, viz, special sized timbers.

"Our books also show that in consequence of the proportionately small demand for this class of timber the price has been reduced by competition among ourselves until the choicest timber sells for only sufficient to cover the cost of production.

"To-day the best price that mills in our territory can obtain for standard car sills is $8.00, and the N. O. & N. E. R. R. Co. are buying all heart bridge timbers at $10.00 per M. This condition has prevailed for the past year.

"The remainder, or 90% of our product, must be sold in direct competition with Arkansas pine, and of this portion 20% sells for a lower price than the latter; we refer to finish and factory material. Carpenters prefer the softer variety of wood as being more like white pine, therefore lighter and easier to work with.

"In regard to the fourth proposition, that trade and the
43* methods of production have changed, we would say that in the early days when timber stood near the mills and stumpage was of little value, it was the custom to utilize only the choicest timber suitable for R. R. and heavy structural purposes. The remainder was left standing or was burned either at the mills or in the woods. At that time mills of small capacity could be successfully operated. The waste with these methods was so great that not to exceed 33% of the timber was manufactured and sold.

"Persistence in these methods at the present time would cause actual loss. The cost of stumpage having increased and the investment of capital in logging railroad and equipment to haul the logs a distance of from 5 to 15 miles being so large, the operator must cut his lands and utilize every portion of the timber brought to the mill.

"To reduce the expense of logging by railroad to a reasonable cost per M it is necessary to haul a large number of logs, and this requires a mill of corresponding capacity.

"To operate the whole plant successfully the manufacturers must be in position to sell the entire product of their mills at an
44* average price that will leave them a margin of profit, and not confine themselves to the production of high grade lumber and R. R. timbers. They must market the common and low grades of lumber which constitute over 50 per cent of their product.

"The mills in Mississippi, Alabama, and Georgia are situated so that they have no market for their product to the east, south, or west. The only territory to which they can ship is Indiana, Ohio, and Illinois and a small portion of Iowa, which is the territory to which the advanced rates apply.

"A small portion of the high grades finds a market in New England, New York, and Michigan, but over 90% must be shipped to the three States mentioned above.

"Arkansas has a natural territory to supply in all that central portion of the United States west of the Mississippi to which the mills of Mississippi, Alabama, and Georgia can not ship. In addition to this territory, Arkansas manufacturers have rates into Indiana, Illinois, and Ohio and all eastern States of from 1 to 5 cts. per cwt., or 25 cts. to $1.50 per M lower than are conceded to the mills of Alabama, Georgia, and Mississippi.

45* "While these conditions prevail the manufacturers in the longleaf district can not compete with the Arkansas manufacturers, excepting at times when the demand for lumber exceeds what Arkansas can supply. When the demand is light and Arkansas can supply the trade, the mills in the longleaf district are forced to close down and wait for more prosperous times.

"This, of course, results in financial loss to the manufacturers; to the railroads of earnings which they ought to have, but which are appropriated by the Arkansas railroads, and disaster to the laborers depending on steady employment in this industry.

"Respecting the fifth proposition, that for some purposes shortleaf pine is preferred to longleaf pine, we find upon investigation that the proportion of shortleaf pine bringing a higher price because it is more desirable for factory work, sheathing, and interior finish, is 20% or more of the product of those mills, while less than 10% of the product of these mills in Mississippi, Alabama, and Georgia is superior for R. R. and heavy structural purposes; so that any ad-
46* vantage we could possibly have from our proportion of the product for which the demand is small and is diminishing, is more than doubly offset by their larger proportion for which the demand is steady.

"This condition of affairs is not appreciated by even the manufacturers in our territory who confine themselves to the production of timbers and are who not prepared to compete for the general trade except to the extent of selling the side boards made in sawing timbers.

"It is the manufacturers with well-equipped plants build to supply the general trade and whose methods are like those pursued in Arkansas who are forced to acknowledge the superiority of shortleaf pine for a large number of purposes.

"To comprehend fully the sixth proposition, it is necessary to consider every operation in both sections from the felling of the trees to the marketing of the manufactured product, and, when methods and

natural conditions differ, to make the proper allowances. In determining the cost of the product it is necessary to take into consideration the following:

"1st. The amount of standing timber per acre and its value.

"2nd. Character of lands for logging operations.

47* "3rd. Methods of manufacturing.

"4th. Relative disadvantages of longleaf pine be reason of its weight, hardness, and resinous condition.

"Apparently there is a greater amount of timber obtained from lands in the longleaf than in the shortleaf districts. Under equally favorable conditions this is true, but throughout the longleaf sections many clearings for farms have been made and a vast amount of timber in certain sections has been destroyed by boxing for turpentine, both of which operations greatly reduce the quantity of available timber that may be obtained from a given territory. We acknowledge that in sections in the longleaf district where the forests are unbroken and where depredations have not been made, there can be perhaps 20 per cent more timber obtained per acre than in similar sections in Arkansas, but we submit that it is not a fair comparison to select such sections as representative districts and that allowance should be made for the loss of timber through clearings for farms and boxing for turpentine; and when such allowance is made the increased production of timber per acre in our section is very little, if any, more than in Arkansas.

"Throughout the longleaf district the lands are usually
48* broken; there are many streams, and the variation of the height of the hills ranges from 50 to 200 feet. The character of the country in this respect makes R. R. building for logging purposes very expensive, and the increased length on account of building through or around farm clearings and the consequent purchase of right of way is a very considerable addition.

"In Arkansas, where the timber is in many places in broad flats and railroad building is comparatively cheaper, there are many logging railroads from 5 to 15 miles in length without a perceptible grade and extending for miles without curves or trestles, a condition without a parallel in the longleaf district.

"However, in that territory there is a vast amount of undergrowth and unfavorable conditions for hauling the logs to the railroads prevail, so that the cost of getting the logs upon the cars is considerably in excess of the cost of the same operation in the longleaf district. When the logs are loaded, twice as many cars constitute a train as in our district.

"Considering the advantages and disadvantages of both sec-
49* tions, the cost of delivery of the logs at the mill is approximately the same. The methods of manufacturing are radically different in Arkansas from those practiced in the longleaf district. In that State the manufacturers confine the production of lumber to only such grades as are ordinarily used for building purposes. No attention is given to the production of large timbers and car sills. Manufacturing to stock sizes for which they have an assured market they are able to push their mills to their full capacity without regard to orders for the product as it comes from the mill. They carry large stocks of dry lumber and are able to fill orders for mixed car-

loads from their well assorted stock. Without exception we believe the Arkansas mills produce 20 to 25 per cent more lumber than mills of similar capacity in the longleaf district. They are able to accomplish such satisfactory results because of their ability to push their mills to full capacity on stock sizes, and for these reasons also, that the timber is much softer and more easily handled.

"Thus far we have said nothing of the principal difficulties the manufacturer of longleaf pine must contend with; the lumber weighs at least 10% more and is much harder and closer
50* grained than shortleaf pine, thereby adding to the difficulties in handling and sawing; as the expense in the manufacturing is chiefly in the cost of labor it is evident that the cost of producing our lumber is more than in Arkansas.

"In the process of kiln drying a large amount of pitch is brought to the surface of the lumber. This coating is a serious disadvantage to that part of the product finished at the planing mills; though machines operate more slowly and there is a considerable waste in the trimming of pitchy ends from boards.

"A just consideration of these peculiarities as they apply to the production of our lumber in the various processes can not but convince the unprejudiced observer that the cost of the longleaf pine lumber is considerably in excess of the cost of shortleaf pine. It has been previously stated that the weight of our lumber is greatly in excess of that produced in Arkansas, the difference being 400 pounds per M on rough lumber, which amounts to $1.00 per M in the cost of delivery on an average 25-cent rate, and operates where rates are equal to reduce the value of their product to the longleaf manufacturers to that extent below the price realized by their com-
51* petitors in the shortleaf district.

"While heretofore it has been practicable to ship a considerable quantity of high-grade lumber into common territory with Arkansas manufacturers, it has been impossible to compete with them in selling a large amount of common building material for which there is an increasing demand, since to meet their price under existing freight rates means loss to the shipper. A fair understanding of all these facts would entitle us to a lower freight rate than is conceded to Arkansas manufacturers.

"The committee is fully persuaded that the officials of those roads interested in the handling of longleaf pine have heretofore lacked information in regard to comparative conditions in the two sections. The reasons for these conclusions are the arguments advanced in personal interviews with certain officials of the railroads.

"It has been stated by one of the traffic managers of the roads interested in the L. L. business that it would be unwise and unnecessary on his part to grant a reduction in rates to the Arkansas basis for
52* the reason that his road has had all the lumber business it could handle at the present rates, and a reduction would mean simply a loss of earnings. Such statements have no weight as arguments, because they are not consistent with the actions of the same railroad in other directions.

"We believe that this same railroad company is interested in handling grain from the West to New Orleans for export, and that during the past few years this traffic has increased two or more fold and

the R. R. company is preparing to handle an increased traffic this year and next year—in fact, all of such traffic they can secure from their competitors. We have not heard of this R. R. company refusing business from any direction, especially if such business could be secured from a competitor. The same road hauled during the year 1892 about 12,000 cars of yellow-pine lumber from all the mills on its line. The Chicago & N. W. during the same year hauled more than 130,000 cars; the Chicago, M. & St. P., 121,000 cars.

"We believe that the representative of the road referred to would not acknowledge the superiority of the Northwestern or Milwaukee road that could handle ten times as much lumber as this gentle-
53* man says is the full capacity of his road to carry.

"Whatever is the actual condition of the lumber traffic on the road referred to we do not consider that the statement applies to the other roads interested in hauling lumber from the longleaf district.

"On some of the roads traffic has been so light in lumber, and, in fact almost every other commodity, that the greatest economy has been exercised in the management to save enough from the earnings to pay operating expenses. On these roads, too, the only hope for increased earnings is in the development of the lumber business, which means the building up of manufacturing towns along the lines of road.

"For every mill that produces 10 million ft. or one thousand cars of lumber per year a town of 1,000 people will be established, and so long as the mill business is maintained the town will prosper and traffic be developed in many ways.

"It seems to us that it would be to the permanent advantage of the railroads to encourage the development of the lumber industry and thereby build up a large local business.

"Such a policy would result in more benefit to the R. R. Co. than the development of through business, providing, of
54* course, that the R. R. Co.s can not increase their facilities so that they can handle both.

"Another assertion—that there remains in Arkansas only sufficient timber to last five years at the present rate of production—is contradicted by the U. S. Government reports that show enough yellow-pine timber remaining in Arkansas to last 50 years should the present rate of production remain the same.

"The officers of another road insist that the prosperity of the lumbermen on that line is such as to justify them in equipping their mills to run additional time by means of electric lights; the actual number of plants so improved is one, which is not sufficient evidence of uniform prosperity to warrant a general increase in freight rates or to show that the product of the mills is being profitably disposed of. It has also been stated by two or three of the traffic managers of the roads interested in the readjustment of freight charges that they have made a thorough investigation of the subject before formulating a new tariff.

"In the opinion of the committee this statement is inaccu-
55* rate—it is impossible to formulate a tariff based on the relative values of longleaf and shortleaf pine for all purposes or to inquire into the cost of production without direct information on the

subject and the consideration of data which the manufacturers alone can supply.

"The inquiries of the committee have not tended to convince them that this information has been invited or obtained from any lumberman whose methods may be termed representative, but that the statements from a rival locality whose interest it is to have high rates maintained in this section have been unquestionably accepted.

"The lumbermen believe that it would result in benefit to the railroads as well as to themselves if traffic managers would occasionally visit the mills, giving consideration to the varying requirements of the trade which governs the methods of manufacture.

"If they would show the same interest in the development of the lumber industry that they do in increasing traffic for their roads from other directions, lumber traffic from the territory represented by this committee could easily be increased 100% during times of ordinary prosperity throughout the country. This statement is not
56* exaggerated in the least and can easily be understood by anyone familiar with the magnitude of the lumber business and the methods pursued in other sections of the U. S. where lumber is produced in vast quantities.

"The comment of one of the lumber papers in a recent issue is entirely to the point in saying in relation to the recent advance in rates that: 'It discounts the killing of the goose that laid the golden egg; it destroys the bird while it is yet a gosling.'"

57* Mr. MILLER. Mr. Gardner, I will ask you if the facts set out in your representation were true and are true?

Mr. GARDNER. They were true at the time and at the present are true from experience.

Mr. MILLER. Since that time has or not the group, so called, of lumber shipping points been extended west of the river so as to take in Louisiana, longleaf Louisiana pine lumber?

Mr. GARDNER. At the time that statement was made the Kansas City Southern Railroad was not built and I think there was no lumber from Louisiana that moved in the central traffic territory. Since then the blanket rate has been extended as far as Texas.

Comr. PROUTY. Is the rate from Texas to Cairo the same as the rate from Mississippi to Cairo?

Mr. GARDNER. From Texas?

Comr. PROUTY. Yes, sir.

Mr. GARDNER. I believe not.

Comr. PROUTY. It is two cents per hundred higher, is it not?

58* Mr. GARDNER. I think so.

Commissioner PROUTY. Is it the same from Louisiana?

Mr. GARDNER. The rate from Louisiana to St. Louis and central traffic territory from south of the V. S. & P. R. R., I think, was two cents higher—that is, from points on the Kansas City Southern; but my information is that it has recently been reduced to the same basis as from Arkansas—that is, in the last two months. I expect to have information to present on that subject to-day.

Com'r. PROUTY. Your information is that Arkansas and Louisiana go in through Cairo on the same terms as Mississippi?

Mr. GARDNER. Yes, sir; that is, by the published rate of these roads. There is an allowance of two to five cents, however.

Com'r. PROUTY. Tap line divisions?

Mr. GARDNER. Yes, sir.

Mr. MILLER. Was or not that protest or representation against the fifteen cent rate to Cairo, made to the railroads, effective?

Mr. GARDNER. It was.

Mr. MILLER. And what did they next do?

59* Mr. GARDNER. They reduced the rate to the thirteen cent basis.

Mr. MILLER. In what year?

Mr. GARDNER. It was in 1894. This protest was made in the autumn of 1893, and the thirteenth cent rate to Cairo, I think, was put in effect in June.

Mr. MILLER. 1894?

Mr. GARDNER. 1894.

Mr. MILLER. And how long did that rate remain in effect—the thirteen cent rate to Cairo?

Mr. GARDNER. It remained in effect up to 1899, when it was increased one cent.

Mr. MILLER. One cent south of the river?

Mr. GARDNER. Yes, sir; and one cent north of the river, and the Cairo rate was made fourteen cents.

Mr. MILLER. The Cairo rate was fourteen cents, and there was one cent north of the river, also?

Mr. GARDNER. Yes, sir.

Mr. MILLER. Making an increase of two cents to that territory?

60* Mr. GARDNER. Yes, sir.

Mr. MILLER. Was that submitted to without protest?

Mr. GARDNER. Yes, sir.

Mr. MILLER. What was the condition of the lumber trade at that time?

Mr. GARDNER. The lumber trade in 1896 and 1897 was very much depressed. The experience on the Northeastern Railroad was that every mill on the railroad, except two—one at at Eastabuchie and one at our place—was closed down or failed; that is, in the period from 1892 up to and including 1897. In the fall of 1897 the business improved. It began by the prices advancing, and in 1898 they advanced still more. In 1897 there was a gradual advance, and in 1899 the rate was advanced one cent south of the river and one cent north of the river.

Mr. MILLER. Did that extend to all gateways on the Ohio River?

Mr. GARDNER. Yes, sir.

Mr. MILLER. The rate was fourteen cents to Cairo, and that

61* remained in effect how long—I will ask you first was there any protest made by the lumber people against that advance?

Mr. GARDNER. No, sir.

Mr. MILLER. Did you know whether this tap line allowance was going on west of the river?

Mr. GARDNER. The first information I had as to the tap line allowance was about 1895—either 1895 or 1896. I supposed at that time from 1894, when this adjustment was made to the thirteen cent basis on both sides of the river, that the rates were the same. They were in the tariff and I supposed they were in fact. I did not know anything about tap line allowances at that time, but in 1896 or 1897—

perhaps 1896—I received information that the rates west of the river were receiving a tap line of two cents per hundred. I think that was the extent of the tap line allowance at that time on the *on the* Iron Mountain, at least. The Northeastern Railroad over here at that time, in 1897—at the time when the lumber business was so very badly depressed, when I stated that every mill on the railroad closed
62* down, or failed, or went into the hands of receivers, excepting two; to meet the Arkansas situation, they put in a tap line of two cents. That was put in effect in 1897.

Mr. MILLER. As I understand it, the rate remained at thirteen cents from 1894 to 1899, and during that time the condition of the lumber trade improved, so that in 1899, when the rate was raised one cent south of the river and one cent above, into that territory, the lumber interests submitted without protest.

Mr. GARDNER. Yes, sir; there was no protest.

Mr. MILLER. Then in 1903 this present rate was put in?

Mr. GARDNER. Yes, sir.

Mr. MILLER. When the rate was at thirteen cents to Cairo, say, in 1891 and 1892, what was the rate to Chicago? Do you remember?

Mr. GARDNER. When the rate to Cairo was thirteen cents, the rate to Chicago was twenty-three cents.

Mr. MILLER. Twenty-two or twenty-three?

Mr. GARDNER. Twenty-two.

63* Mr. MILLER. And when it was fifteen cents to Cairo, in 1893, do you remember what it was to Chicago?

Mr. GARDNER. Yes, sir; twenty-four cents.

Mr. MILLER. And when it was fourteen cents to Cairo?

Mr. GARDNER. You see when the rate was advanced to 14 cents south of the river, there was one cent north of the river and that made two cents north of the river.

Mr. MILLER. Then that made twenty-four cents?

Mr. GARDNER. Yes, sir.

Mr. MILLER. What is the present rate to Chicago?

Mr. GARDNER. Twenty-six cents. The rate from Cairo to Chicago at the present time is ten cents.

Mr. MILLER. Mr. Gardner, did you or any other lumber people make specific representations to any of the railroads serving your business, in regard to the inequality produced by the tap line allowance west of the river, representing your own circumstances respecting logging expenses and maintenance of logging roads being the same as west of the river and urging upon them the pro-
64* priety and justness of making a similar allowance for yourselves; and if so, what course was taken by the railroads?

Mr. GARDNER. You mean in 1896 or 1897?

Mr. MILLER. Yes, sir.

Mr. GARDNER. In 1897 I represented to the Northeastern Railroad, which was our only railroad connection at that time, that the condition of business was such that to save us from loss it would be absolutely necessary for them to put into effect the same arrangement as west of the river, which would give us the two cents tap line allowance on our shipments. Now, I stated to them that the conditions were practically the same, so far as the cost of production was concerned, and distances and everything that might enter into the consideration

of making the rates and that the allowance they had over there represented a reduction in the rate; that we had to meet the prices of lumber, and that we did not think it was fair that our business should stand in competition with that business and that the railroads ought to meet the rate and do their share to help market our lumber and put it on the same basis with the mills west of the river;
65* that we could not obtain a cent more for our lumber than they could west of the river, and they ought to charge us no more for their services than they charged over there. I represented to the management of the Northeastern Railroad the condition of our business and everything of that kind. But, as I before stated, before the rate was granted the tap line was put in effect in July and continued at that time until the first of January, and then was withdrawn.

Mr. MILLER. Do you know what lead to this withdrawal?

Mr. GARDNER. My recollection of the conversation I had with Mr. Harvey——

Mr. MILLER. Who is Mr. Harvey?

Mr. GARDNER. President of the New Orleans & Northeastern Railroad Company, and with Mr. Barnett, at that time general freight agent of the road, was that the price of lumber had increased and there was a better demand for lumber, and that they would withdraw the allowance. It was an arbitrary matter. They withdrew the tap line allowance. We protested against it, however, at that time.
66* We stated the conditions had not improved sufficiently.

Mr. MILLER. Have you Mr. Harvey's letter on that subject?

Mr. GARDNER. No, sir.

Mr. MILLER. Did you not have a letter from Mr. Harvey or some other representative of the Northeastern Railroad suggesting to the Illinois Central the propriety of that arrangement?

Mr. GARDNER. I have a copy of a letter that was signed by Mr. Harvey and by Mr. Bullis—Mr. Bullis was general manager of the Gulf & Ship Island Railroad—that was in effect a notice to other railroads that they would put in effect a tap line allowance.

Mr. MILLER. That was some years later?

Mr. GARDNER. That was some years later.

Mr. MILLER. When was that?

Mr. GARDNER. This letter was dated November 5th.

Mr. MILLER. What year?

Mr. GARDNER. 1900.
67* Mr. MILLER. Who was Mr. Bullis?

Mr. GARDINER. He was general manager of the Gulf & Ship Island Railroad. This letter was dated New Orleans, Nov. 5, 1900, and signed by C. C. Harvey and S. S. Bullis, and was addressed to W. W. Finley, E. E. Russell, Y. Vandenberg, J. T. Harahan, and W. J. Murphy.

Mr Gardiner read letter as follows:

"Gentlemen:

"We beg to advise that competitive conditions render it necessary in our opinion for the New Orleans & Northeastern and the Gulf & Ship Island railroads to pay agreed tap line proportions to connecting lumber roads in this territory, and that we will do so from November 15th, 1900. This arrangement will be similar to that uni-

versally in effect west of the Mississippi River and not uncommon in southeastern territory.

"We propose limiting the allowance to 2¢ per 100 pounds, and to lumber roads of 10 miles and upwards, the allowance to be made only on lumber consigned to points on and east of the Mississippi River, on and north of the Ohio River, and on and west of the Buffalo-Pittsburg line.

Yours truly,

(Signed) C. C. HARVEY,
Frt. & G. M., N. O. & N. E. R. R. Co.
(Signed) S. S. BULLIS,
Gen'l. Mgr., G. & S. I. R. R. Co.

68* Mr. MILLER. Where did you get that letter from, Mr. Gardner?

Mr. GARDNER. This was given to me by Capt. Jones, president of the Gulf & Ship Island.

Mr. MILLER. Do you know what effort was made or what action was taken by the Illinois Central to prevent the consummation of that apparently just arrangement, assuming the validity of that practice existing on the other side of the river?

Mr. GARDNER. I would like to go back further and say before answering that question that the first tap-line allowance put in was in 1897 and continued until January, 1898. It was withdrawn at that time and put into effect again in April of that year and continued in effect until the end of that year.

Com'r PROUTY. That was in 1898?

Mr. GARDNER. Yes, sir; in 1898. I understood that the tap line at that time was withdrawn at the request of the Illinois Central Railroad Company. Mr. Bullis told me that. That is the in-

69* formation I have. I have no direct information further than that. Mr. Bullis was general manager, as I stated, of the Gulf & Ship Island Railroad. I do not know what was the cause of the withdrawal of this tap-line allowance referred to in this letter I have just read. That tap-line allowance was not given to us at the time it was put into effect on the other roads. We did not know anything about this for several months. I think it was the first of April this was put into effect.

Mr. MILLER. How long did it last?

Mr. GARDNER. It was in effect from April, and then it was allowed to us as long as it continued, excepting one month—the month of June.

Mr. MILLER. By the Northeastern Railroad?

Mr. GARDNER. By the Gulf & Ship Island. The Northeastern did not allow any tap line.

Mr. MILLER. When did the Gulf & Ship Island make its connection with the Illinois Central?

Mr. GARDNER. I think the connection was made in the latter part of 1899, or in the early part of 1900.

Mr. BOWERS. It was early in 1900.

70* Mr. MILLER. Mr. Gardner, do you know whether or not the lumbermen, generally, who have sawmills along the main lines in your territory maintain logging plants—that is to say, logging railroads to any considerable length and at any considerable expense?

Mr. GARDNER. Generally speaking, the large mills—all the large mills—have logging railroads. The small mill can locate in the timber—what I mean by the small mill is one that will cut a carload a day—it can locate in the timber and haul logs with teams, and the mill can then load the lumber onto cars. That operation can only continue for a short time, because they can not afford to haul the logs by teams any great distance. As soon as they clean up the timber around the mill for a mile or so they are obliged to move. The large plant can not afford to do so, being built in an expensive way. It can not afford to move its plant. It has to be built in a substantial way, and the expense of moving would be too great. Consequently, they are obliged to build logging railroads into the country and bring the logs to the mill.

71* Mr. MILLER. Is this small mill a portable mill?

Mr. GARDNER. Yes, sir; you might say it was a portable mill. It has to be put up in a cheap way, and while it would not be called a portable mill in the sense that it would be on wheels all the time, as a threshing machine would be, it is substantially portable, for as soon as they cut out the timber they move to a new location.

Mr. MILLER. To what degree is lumber cut out in that way in Mississippi?

Mr. GARDNER. A great deal of it is cut out in that way. Take it on the Gulf & Ship Island Railroad, and I should estimate that fifty per cent of the shipments on that railroad were from small mills without logging railroads. I think that is a safe estimate as to the amount.

Com'r. FIFER. What is the present practice west of the river?

Mr. GARDNER. In Arkansas there are not many at the present time that are so situated. The lumber operations have been carried on there for a great many years and the timber near the mills has

72* been cut away for quite a good many miles. Now this applies to the main lines. I think on some of the branch lines, for instance, the Louisiana & Arkansas or the Arkansas & Louisiana Railroad—the Buchanan Railroad, as we call it—there are some small mills that manufacture lumber out from the railroads and haul it to the railroads. I think there are some small mills on that railroad without logging railroads connecting with them. But, generally speaking, along the trunk lines, for instance, the Iron Mountain and the Cotton Belt railroads, there are not many mills without logging railroads.

Mr. MILLER. Do you know what proportion of the lumber handled by the Illinois Central Railroad into this central traffic territory north of the Ohio River comes from the Gulf & Ship Island?

Mr. GARDNER. My recollection is that the statement made by Mr. Hudson in the informal talk on Washington was that 50 per cent of their lumber that originated in Mississippi, carried by their lines, came from the Gulf & Ship Island.

Mr. MILLER. The same sort of conditions prevail along the Illinois Central as over in your section, do they not?

73* Mr. GARDNER. Precisely the same.

Mr. MILLER. Is there any substantial difference in regard to this logging proposition between the lumber people east of the river and those in Arkansas and Louisiana, west of the river?

Mr. GARDNER. No, sir; the conditions are just about the same. Take it in Louisiana—that is, the long-leaf yellow pine territory. South of the V. S. & P. practically all of the lumber is yellow pine, is long-leaf pine. It grows on almost identically the same kind of land and in the same character of country as it does in Mississippi and it is in more solid bodies over there. There are not many openings or farms as there are in Mississippi. The timber is in more solid bodies; but the character of the country is just the same.

Com'r. PROUTY. Mr. Gardner, you understand that this practice of allowing tap-line divisions has been in vogue for some time west of the river?

Mr. GARDNER. Yes, sir; some time. I think it originated after this adjustment you understand that we brought about in 1893.

74* Com'r. PROUTY. And you understand that the value of timber has adjusted itself to that practice? In other words, would people have bought timber and paid better prices for it except for the tap-line division?

Mr. GARDNER. I presume that is true.

Com'r. PROUTY. Would that, in your opinion, create a difference in conditions so that the railroads ought in good faith carry out in some way their representation which was made to the small owner when he bought the land?

Mr. GARDNER. No; I should say no.

Mr. MILLER. While this thirteen-cent rate was in effect on this side of the river, were not large investments made in timber land and in lumber plants upon the idea that the rates were even?

Mr. GARDNER. Yes, sir; I think very few people up to 1897, when this rate was put in effect here, knew anything about tap-line allowances over there. I know in conversation with people over here about it it appeared to be something they had never heard of; I mean lumber people.

Mr. MILLER. Do you know whether the consuming interests
75* of the country which bought this lumber from people west of the river and paid these added tap-line allowances were familiar with it.

Mr. GARDNER. No; I do not see how they would know anything about it, except as it came out later in this discussion.

Mr. MILLER. How many miles of logging railroads does your company, or did your company maintain? How many does it maintain now? What is the character of your equipment in this respect?

Mr. GARDNER. We owned twenty miles of railroad which we sold to the Gulf & Ship Island Railroad, extending from Laurel, where our mills are located on the Northeastern Railroad, west towards the main line of the Gulf & Ship Island Railroad. We sold that twenty miles to the Gulf & Ship Island and they agreed to extend that to a connection with their main line, and we reserved the right to use that railroad, the part we sold and the part they completed themselves, which made forty miles altogether. Our timber is situated on both sides of this line. It extends something like twenty or twenty five miles north of the branch and some six or seven miles south.

76* Mr. MILLER. How many miles of logging road spurs have you?

Mr. GARDNER. We have between eighteen and twenty miles, I believe, of spur tracks, connecting with the Gulf & Ship Island.

Mr. MILLER. What equipment?

Mr. GARDNER. We have seven locomotives and a hundred and twenty or a hundred and twenty-five logging cars; I think a hundred and twenty-five logging cars and a lot of other equipment.

Mr. MILLER. You made some stipulation when you sold that line to the Gulf & Ship Island which required you to ship by that line to common points as long as the rates were equal, did you not?

Mr. GARDNER. A copy of the contract was filed with the Commission in the tap-line case. It is, in effect, that when the rates were equal and they furnished cars, we agreed to ship by way of their line and to give them the preference in that way.

77* Mr. MILLER. Mr. Gardner, is it or not true that you have shipped a great deal of lumber into central traffic territory by the New Orleans & Northeastern which was billed out from Laurel in the name of the Gulf & Ship Island?

Mr. GARDNER. Yes, sir; there is in effect at the present time two rates from Laurel. One is five cents lower than the other. I would explain that by saying that the rate from Laurel to Cairo is 16 cents at the present time. We have side tracks connecting with the New Orleans & Northeastern and the Gulf & Ship Island railroads. It is just as easy for us to load on one side track as on the other. The Northeastern is paying the Gulf & Ship Island a division in rates on the lumber which is loaded on the Gulf & Ship Island side track connecting with the Gulf & Ship Island Railroad which they turn over to the Northeastern at that place, on that lumber from our mill originating there in Laurel, 5 cents a hundred.

Mr. MILLER. That leaves how much?

Mr. GARDNER. That leaves the rate to Cairo on lumber, 11 cents. They paid this division on both tracks for a time, whether it

78* was handled at all or not by the Gulf & Ship Island, but they withdrew their arrangement as applying to the track that they did not handle the business on at all.

Mr. MILLER. What service does the Gulf & Ship Island Railroad perform with reference to that lumber?

Mr. GARDNER. They switch lumber perhaps twelve or fifteen hundred yards.

Com'r PROUTY. Do you get any part of that?

Mr. GARDNER. We have not objected to this. The rate is the same to us in either case. We have never made objection to it so far as it applies to lumber that originates on the side tracks connecting with the Gulf & Ship Island and turned over to the Northeastern. We did protest against their paying the division on lumber which they did not touch at all.

Mr. MILLER. Do you know whether or not that goes on the idea that the Gulf and Ship Island is selling its tonnage to the Northeastern?

Mr. GARDNER. I suppose that is the reason. It has never been explained to me by the Northeastern why they allowed it, but

79* as a fact, that would be the way, I suppose. I would say this, that last year we shipped 500 cars, I think, by way of the Northeastern Railroad, which practically all originated on the track connecting their line, on which there was no division allowed. I don't know how many cars originated on the other track.

Com'r PROUTY. You say you have a contract with the Gulf and Ship Island which obliges you to ship by that line when the rates are the same?

Mr. GARDNER. Yes, sir; and when they furnish us the cars.

Com'r PROUTY. And when the rate was sixteen cents you would be obliged to ship by the Gulf & Ship Island?

Mr. GARDNER. Yes, sir.

Com'r PROUTY. They can do what they want to; they can turn it over to the Queen and Crescent or the Illinois Central. They can turn it over to the Queen and Crescent on better terms than they can give it to the Illinois Central?

Mr. GARDINER. Yes, sir. The contract stipulates that we are to ship by way of their line when the rates are the same.

80* Com'r FIFER. What was the object of entering into that agreement?

Mr. GARDINER. The object was that we owned this line out there and they wanted to get into Laurel and wanted to get our tonnage, and they offered to buy our road and allow us to use it; and we retained the right to use it.

Com'r PROUTY. And that they were to maintain it for you?

Mr. GARDINER. Yes, sir; I would say this, that there is a mistaken idea upon the part of a good many railroad people in regard to this arrangement; that it is a discrimination in favor of us and against other shippers, which is not true. Now, as I explained, our timber is located—at the present time we are hauling timber twelve miles over the Gulf and Ship Island Railroad. All of the timber we have now is twelve miles or more away from Laurel. If we had a mill twenty miles from Laurel, located at the junction point where we could manufacture that timber, it would cost us less to manufacture it there than to bring it to the mill—than it would to bring it into Laurel, even with the arrangement which we have, because we are only

81* saving the investment on the road and the cost of maintaining it. We furnish the equipment and the labor and all that to operate that road. Now, it is stated in the reply of one of the railroads west of the river in the tap-line case, that we have a monopoly of that whole country out there by reason of this arrangement. There is absolutely nothing in it, because—take timber forty miles away from the mill. There is no reason why our mill could not buy that timber out there and locate there and log it to that mill at very much less expense than if we had to haul it forty miles to Laurel. It amounts to a saving to us, but it is not a discrimination against somebody who wants to locate out there or in any other territory. There is no discrimination about it.

Mr. MILLER. Do you not have the same initial logging service?

Mr. GARDINER. Yes, sir; the same logging service. We have our lumber lines to maintain. We have our equipment to maintain, and everything of that kind to maintain. It amounts to substan-

82* tially this: That you might just as well say that a mill whose logging railroad could be built for $5,000 a mile—that the character of the country was such that it would only cost that mill $5,000 a mile to build, while it cost another man $12,000 a mile to build it, that, therefore, there was a discrimination in favor of the man who only had to expend $5,000 a mile to build his railroad. It amounts to just about the same thing as that.

Mr. MILLER. I will ask you whether or not at one time, in spite of this contract, you were given the right to make shipments via the New Orleans & Northwestern without regard to the supply of cars or any other circumstances?

Mr. GARDINER. What is your question?

Mr. MILLER. I asked you if the Gulf & Ship Island did not give you the right at one time to make all the shipments you chose via the Northeastern?

Mr. GARDINER. Yes, sir.

Mr. MILLER. How long was that in effect?

Mr. GARDINER. I think it was in effect for about six months.

83* Mr. MILLER. Did you learn from these shipments that on the freight paid by you the Gulf & Ship Island got out of it 5 cents per hundred?

Mr. GARDINER. No; I did not know that until about four months later.

Mr. MILLER. You learned of it afterwards?

Mr. GARDINER. Yes, sir.

Mr. MILLER. You did not know at that time?

Mr. GARDINER. No, sir.

Mr. MILLER. As to that lumber, did the Gulf & Ship Island perform any service as carrier?

Mr. GARDINER. No, sir.

Mr. MILLER. Do you know whether or not the Gulf and Ship Island has an arrangement under which it sells its tonnage to the Illinois Central?

Mr. GARDINER. I have a copy of their division sheets; yes, sir.

Com'r PROUTY. What is stumpage worth within two miles of the main line of the Gulf & Ship Island?

Mr. GARDINER. Within what distance?

84* Com'r PROUTY. Within a couple of miles.

Mr. GARDINER. We have not sold any timber ourselves, but from general information I have received from people in the business it is worth from $2.00 to $3.00 per thousand.

Com'r PROUTY. How much would it be worth twenty miles from the railroad at that rate?

Mr. GARDINER. If there was no other railroad near, of course, it would be less than it would be right near a railroad. Timber near a railroad is always in the market first. It will move out first at the price. It will command a better price than the timber back further, for the reason that it can be sold to a great many people, while the timber that is further back can only be sold to a few people who have money to put into a logging railroad in order to manufacture it. You see you have to figure off the value of the timber the cost of getting it out.

Com'r PROUTY. That is what I am getting at. How much does timber sell for at the present time located fifteen or twenty miles from the railroad? What would it be worth?

85* Mr. GARDINER. That is a difficult question, for the reason that I do not know of any individual transactions, understand. I have understood this—yes, I know of a transaction of this kind. Timber lying about fifteen miles from the railroad sold for $2.25. I say I know this, for I got the information from the people concerned.

Com'r YEOMANS. It is usually sold by the acre when that distance away, is it not?

Mr. GARDINER. It is sold by the thousand—it is sold both ways. I heard yesterday of a sale at $3.00 of $150,000 worth of timber within three or four miles of the railroad.

Mr. MILLER. You have the division sheet between the Gulf & Ship Island and the Illinois Central?

Mr. GARDINER. Yes, sir.

Mr. MILLER. I would like to offer in evidence and have the stenographer note the statement made by Mr. Gardiner, as a member of that committee, which he read to the associated railroads.

Mr. BAXTER. What you call the protest?

Mr. MILLER. What we call the representations.

(The same is heretor attached and marked Exhibit No. to Mr. Gardiner's testimony.)

86* Mr. MILLER. What does that division sheet show?

Mr. GARDINER. It shows on business when they go to points north of the Ohio River and west of and including points on the Mississippi River, and west of Buffalo and Pittsburg it is 7 cents.

Mr. MILLER. To central traffic territory, which is the bone of contention, it is 7 cents.

Mr. GARDINER. Seven cents; yes, sir.

Mr. MILLER. What is the average distance that this lumber is carried by the Gulf & Ship Island?

Mr. GARDINER. About 80 miles.

Mr. MILLER. What is the distance from Jackson, the point of junction to Cairo?

Mr. GARDINER. I have the distances here.

Mr. MILLER. Mr. Powell stated at Atlanta that it was 365 miles.

Mr. GARDINER. The distance over the Illinois Central is 463 miles—no, that is from McComb City.

Mr. MILLER. You know the distance from McComb City to Jackson, don't you?

87* Mr. GARDINER. Seventy-eight miles.

Mr. MILLER. Seventy-eight miles off of four hundred and sixty-three; how much does that leave?

Mr. GARDINER. Three hundred and sixty-five.

Mr. MILLER. The Gulf and Ship Island gets seven cents for carrying this lumber eighty miles on the average and the Illinois Central gets seven cents for carrying it three hundred and sixty-five miles.

Mr. GARDINER. Yes, sir.

Mr. MILLER. Now, how far is it from McComb City to Cairo?

Mr. GARDINER. It is four hundred and sixty-three miles.

Mr. MILLER. Is that a large shipping point for yellow pine lumber?

Mr. GARDINER. Yes, sir; considerable lumber moves from there. That is about the average distance for the movement of yellow pine from south of Jackson.

Mr. MILLER. Shippers there pay the Illinois Central, now, the present rate of sixteen cents to Cairo?

88* Mr. GARDINER. Yes, sir. I have here a list of the distances and the rates per ton per mile from Northeastern points and the Illinois Central, and New Orleans and Northeastern, and Gulf and Ship Island, and Arkansas and Louisiana points which I would like to file.

Mr. MILLER. You would like to offer that in evidence?

Mr. GARDINER. Yes, sir.

Mr. MILLER. We offer in evidence a comparative statement of distances furnished by Mr. Gardiner from points east and west of the river, including Illinois Central and New Orleans and Northeastern railroads.

Mr. GARDINER. Yes, sir; and the Gulf and Ship Island—from representative stations, and the average distances from Louisiana and Arkansas.

(The same is hereto attached and marked Exhibit No. to Mr. Gardiner's testimony.)

Mr. MILLER. Do you know whether the same rate prevails from Jackson, the junction of these railroads, to Cairo as from points below Jackson?

89* Mr. GARDINER. Yes, sir.

Mr. MILLER. The same rate?

Mr. GARDINER. Yes, sir.

Mr. MILLER. Is it a blanket rate?

Mr. GARDINER. Yes, sir.

Mr. MILLER. I would like to ask you whether or not Mr. Hudson and those other gentlemen representing the railroads were correct in their understanding at the time they made this advance, that the price of lumber in the market was advancing all the time.

Mr. GARDINER. No; they were not. The price of lumber had remained about the same up to the time of that conversation with him—about the same; there was very little variation any time for six or eight months, perhaps, or for a year previous to that. The rise back of that had been discounted by the advance in 1899; yes, sir.

Mr. MILLER. You say it was practically stationary.

Mr. GARDINER. Yes, sir; just about stationary; some items advanced a little and some declined, but it was practically the same.

90* Mr. MILLER. Do you recollect that Mr. Green or some other traffic man introduced in evidence some telegrams or statements concerning the lumber market in Chicago showing that since this advance went into effect there had been some decline in some grades and that the price was practically the same in general?

Mr. GARDINER. Yes, sir; I read over Mr. Green's testimony and my recollection is that he stated from information he had from Chicago the price of lumber was practically the same——

Mr. MILLER. I refer to Exhibit O to Mr. Green's testimony, in the Georgia case.

Mr. GARDINER. That the prices in Chicago which we obtained from American lumbermen were about the same in the last quarter of the present year as in the last quarter of last year, and during the hearing in Atlanta he received information from correspondents in Chicago that in the last quarter, up to October 1st, the price remained the same, excepting on flooring, which had declined $1.50 a thousand. These were delivered prices up there.

91* Mr. MILLER. Would that indicate that the shipper lost the advance?

Mr. GARDINER. In my judgment it would indicate that the shipper had lost the advance, and lost also whatever shrink there was in the

price of flooring, because the price remained the same in October as in the spring.

Mr. MILLER. You say the prices have remained practically stationary for two years?

Mr. GARDINER. They average about that. It was not probably a stationary price. They average about the same. There was a little variation, I think, from month to month. The prices for about a year previous have been practically the same.

Mr. MILLER. While the cost of production and the cost of supplies that the railroads had to get and wages, etc., were on the increase, what about the experience of the lumber people in regard to the advance in the cost of their supplies and expenses?

Mr. GARDINER. Naturally their cost advanced the same as the railroads. Wages have advanced in this country.

Mr. MILLER. What about supplies?

92* Mr. GARDINER. Supplies have advanced. We buy about the same supplies that a railroad company would buy. All mills buy about the same supplies that a railroad company would buy. I know a large item in our expenses is railroad material—rails, spikes, etc.

Mr. MILLER. In the last two or three years while prices of lumber have not advanced, about what has been the increase in the cost of operation, in the cost of production—what percentage? Can you state?

Mr. GARDINER. During the past two years, I should say, that the cost of manufacture had increased ten per cent.

Mr. MILLER. No more than that?

Mr. GARDINER. I say in the past two years.

Mr. MILLER. Mr. Gardiner, without going into the weariness of details, I wish to ask you to state to the Commission, taking your business as a sample business, what you understand to be the per cent of profit which has been realized by good management on the investment—we will assume on your investment.

93* Mr. GARDINER. I would have to make a little explanation to answer a question of that kind. It would depend upon what was figured as the investment. If you take the whole operation the same as the railroad company figures its per cent of profit on you would have to include stumpage, what it was worth, or what it would cost, or some basis of that kind. You must include stumpage anyway, then the value of your plant and railroad and sawmill, and the necessary working capital.

Mr. MILLER. And depreciation?

Mr. GARDINER. You must include that—the depreciation which is very large in the saw mill business—larger than in any other business that I know of, for the reason that the plant must be charged off in the length of time you run it in cutting off the timber that you want. It is not of any value to move. Figuring on that basis, anyone who bought timber 4 or 6 or 8 or 10 years ago and paid the cost of carrying that timber, paid the interest of carying it out at six per cent, and paid the taxes on it and the expenses incident to logging after the

94* timber is cut. I do not believe there is a mill in operation that has to manufacture a considerable amount of lumber and which had timber enough to warrant them to go into the business and

organize it and make a real lumber business of it that will pay over six per cent on the present prices.

Mr. MILLER. I want to ask you, Mr. Gardiner, whether or not the exigencies of your business, whether induced by this advance or not, have compelled you to increase the number of your salesmen in central traffic territory to keep your business up?

Mr. GARDINER. Our expenses for selling the lumber this year—rather, I would say, the expenses for selling the lumber—travelling salesmen and other expenses last year were 19 cents per thousand, and thus far this year I think they are 28 cents.

Mr. MILLER. How do you account for that increase Mr. Gardiner?

Mr. GARDINER. Well, we have had to pay a greater force which we had to put on to sell our lumber to secure prices that were satisfactory.

Mr. MILLER. Do you ascribe that to this rate?

Mr. GARDINER. The advanced rate is very largely respon-
95* sible for it. That advance in the cost of selling represents about nine cents a thousand difference. That is the difference in cost, if I remember, pretty nearly fifty per cent.

Mr. MILLER. It is charged that this advance in freight rates has been put on in spite of great improvements of conditions, the operating conditions of the railroads, and in spite of the fact that the service performed by them for the lumber people, furnishing cars, etc., has been very inefficient. What have you to say in that regard?

M. GARDINER. The lumber business in Mississippi and all through the South, I guess, has been very greatly handicapped by the lack of equipment to move their stock. That operates to increase the cost of handling the lumber considerably. Cars are not supplied regularly as requested.

Mr. MILLER. I speak now of about April 15th. What was the condition then?

Mr. GARDINER. The conditions were substantially as I stated. The business was badly handicapped on account of the lack of cars.
96* There was a large accumulation of orders on the books, I think, of every concern.

Mr. MILLER. Did cars move north empty in spite of the lumber people, to your knowledge?

Mr. GARDINER. No, sir.

Mr. MILLER. The Gulf and Ship Island did not do that, or the Northeastern?

Mr. GARDINER. Not to my knowledge.

Mr. MILLER. Do you know anything about that condition on the Illinois Central?

Mr. GARDINER. No, sir.

Mr. MILLER. Not personally?

Mr. GARDINER. No, sir.

Mr. MILLER. Do you know anything at all about it from common report?

Mr. GARDINER. I did hear *hear* that they did send empty cars north even though there was a great demand for them for lumber shipments. I do not know whether that is reliable or not.

97* Mr. MILLER. You observed in the statements of these railroads, these annual statements, about the decrease in net earn-

ings during several months of 1902 and perhaps in 1903. Do you understand from your knowledge and observation of the subject that was due to the increase in wages, or was it due so far as you know to the congestion on these lines from excess of business. Didn't they all get out of kelter some time along in the summer or fall of 1902?

Mr. GARDINER. I know that was the condition of affairs on the Northeastern and the Mobile and Ohio at Meridian in the winter and at Jackson twelve months ago. I know the business was congested at Meridian twelve months ago, and, in fact, for two or three months following that shipments were badly delayed in getting through there. I know the same thing was true at Jackson—that the yards were full there with cars, loaded and empty, and it was difficult to get shipments through. Business was congested and handled at a very great increase of cost to the railroad companies.

98* Mr. MILLER. Did that congestion have anything to do with the delay in transit?

Mr. GARDINER. Yes, sir; there were a great many complaints of delay in transit.

Mr. MILLER. Do you know whether or not the mills, generally, were suffering from a lack of cars all through this region?

Mr. GARDINER. I think they were all through this region.

Mr. MILLER. That was your experience?

Mr. GARDINER. Yes, sir.

Mr. MILLER. Now, Mr. Gardiner, the railroads state in their answers, among other reasons, why they ought to be allowed to make this charge on lumber, that they are obliged to supply a special equipment in the shape of flat cars—what they call one-way cars. They say they come south empty, at great expense to them, to be loaded back with lumber, and that that justifies them in some degree.

Mr. GARDINER. I think that is not true. I mean I think they are not justified in exacting an advanced rate on that account. The cars that are loaded with lumber in the way of open cars are gen-

99* erally, and almost without exception, cars that have been loaded south with coal. They are not flat cars; they are gondola cars; and box cars that come south are loaded with merchandise, grain, etc. On Northeastern Railroad they are very largely loaded with merchandise. In fact, Mr. Curran told me two or three months ago——

Mr. MILLER. Who is he?

Mr. GARDINER. Superintendent of the Northeastern Railroad—that they had not received from the A. G. S. Railroad any empty cars for several months. I say no empty cars. I mean that the percentage was so small that they did not count it at all; that they were using their equipment on the line north and could not supply them with cars; that was the reason they could not supply the mills along the road with cars, and for that reason—I believe it is one of the reasons that cars come south loaded instead of coming south empty.

Commissioner YEOMANS. We will take a recess now until 2 o'clock.

At 12.30 the Commission took a recess.

100* AFTER RECESS.

2 o'clock p. m.

Mr. GEORGE S. GARDINER resumed the stand.

Mr. MILLER. Mr. Gardiner, I will ask you if you know what proportion of lumber shipped over the Gulf & Ship Island and the Illinois Central goes from your mills?

Mr. GARDINER. Well, I estimate the shipments of the Gulf & Ship Island per month turned over to the Illinois Central at about 3,000 cars. Our shipments are about 300 cars per month on an average.

Mr. MILLER. About 10 per cent?

Mr. GARDINER. Yes, sir; about 10 per cent.

Mr. MILLER. Now, Mr. Gardiner, it is alleged in the petition that the lumber shippers are put to a heavy expense in equipping these cars; that it is a sort of discrimination against that particular traffic, and that they are compelled to pay freight on the increased weight. What knowledge have you on that subject?

Mr. GARDINER. I know as a matter of fact what it costs to equip a car with stakes and bearing bars. I have a memorandum here
101* of the cost. It takes 356 feet of lumber to stake a car, a flat car or gon. At eight dollars per thousand, it is worth $2.84. Eight dollars is really less than it is worth, because the specifications call for high-grade lumber. At eight dollars a thousand, it is $2.84. The labor and nails are about 50 cents and the freight on an average rate of 26 cents is $2.60, which makes a total cost to the shipper for staking and bearing pieces of $5.94.

Com'r YEOMANS. Do you get anything for that, Mr. Gardiner?

Mr. GARDINER. No, sir; we get nothing for that. We ship very few open cars. I do not suppose if we could get a full supply of box cars whenever we need them that we would ship to exceed 1 per cent of flat or open cars in a year. Practically all our shipments go in box cars. Now, during the last 2 or 3 months, the railroad companies have been short of box cars, and have had a supply of open cars, and they have furnished us open cars to load occasionally, I do not know how many, but I suppose altogether at least 100 cars, and it has cost us in addition to what it would cost to load box cars $5.94 to equip them and pay freight on them. Now, the cost of loading an
102* open car and a box car is just about the same—that is, the labor of loading it. If there is any advantage, it is in loading a box car. I think a box car can be loaded with the kind of lumber we manufacture and ship for less money than an open car. Now, the other mills use and demand a larger percentage of open cars than we do, generally speaking, because they manufacture a good many timbers and lumber that is too long and too heavy to put in box cars, but this is the experience of our own business.

Mr. MILLER. Now, Mr. Gardiner, have the railroads ever undertaken to furnish any special equipment for this lumber traffic?

Mr. GARDINER. No; I do not know of a single car that has been furnished or built or supplied to the lumber men that is specially designed for the shipment of lumber.

Mr. MILLER. What has been your observation in regard to these open cars coming south empty? What reason, in other words, is there to speak of them as one-way cars?

Mr. GARDINER. I think there are very few open cars shipped south empty. I think that practically all the cars that come south as open cars are loaded with coal or perhaps with machinery; but, gen-
103* erally speaking, the cars loaded with car sills and timbers are gons that are in the coal service, and the southern roads ship them south loaded with coal. The box cars are loaded with grain and merchandise and come south loaded, and there is a very large movement of traffic to the south, and I think no box cars come south empty.

Mr. MILLER. Mr. Gardiner, it is claimed that the cars loaded with lumber are in the main loaded short of their stenciled capacity. What have you to say on that point, so far as your observation goes?

Mr. GARDINER. Well, I made up a statement here of the number of cars we shipped in the month of June showing the stenciled capacity and the amount of lumber we loaded into those cars. These are all box cars. I think there is not a flat car among them.

(Same is annexed marked Exhibit No. 1.)

Mr. MILLER. What is the average there?

Mr. GARDINER. The percentage of load to capacity was 74.1 per cent.

Mr. MILLER. 74.1 per cent?

Mr. GARDINER. Yes, sir.

Mr. MILLER. There was a statement about 65 per cent in
104* Georgia. How would that apply to your section and your sort of business?

Mr. GARDINER. Well, I should say that the greater the proportion of open cars used, the larger percentage of loading to the stenciled capacity, for the reason that open cars are generally loaded pretty near to their full capacity. There is no restriction to those cars in the way of a box to the amount of lumber that can be put on them.

Mr. MILLER. Do you know of any cases of gondola cars being furnished for the transportation of lumber other than what you call timbers, where the shipper is required to roof them to prevent bluing, etc., from exposure to the weather?

Mr. GARDINER. My understanding is that it frequently happens that the railroad companies are short of box cars and they have a supply of open cars, and, as it happened with us to the extent of perhaps 100 cars this fall, we were obliged to load lumber that ought to go in box cars on open cars, and I believe in a few instances we roofed them over, and there was an additional charge in lumber and freight for the covering we put on, which was a loss to us.

105* Mr. MILLER. When you are furnished a car high enough, with the roof high enough, do you or not always load it to its stenciled capacity?

Mr. GARDINER. Well, generally speaking, I should say we would. We would not always do it, because the order might not be for just such a quantity as would fill it, but I will say this, that if the railroad companies would furnish the lumber shippers with box cars of cubical capacity equal to their stenciled capacity, as applied to lumber, that they would all be loaded practically to the stenciled weight or stenciled capacity. The box cars that are furnished for the movement of lumber, are cars that are built to handle grain and merchandise, and

my understanding is that no consideration is given the lumber shipments—that is, as to the movement of lumber—in building these cars, to make them of suitable capacity to handle lumber in the way of cubical contents.

Mr. MILLER. Do you know what is the proportion of the lumber traffic to the entire traffic of the Illinois Central according to its reports?

Mr. GARDINER. No. I am not familiar with that.

106* Mr. MILLER. Now, Mr. Gardiner, does the short-leaf yellow pine have any advantage growing out of the difference in weight?

Mr. GARDINER. There is a recognized difference of about 10 per cent in the weight of short-leaf pine and long-leaf pine. The short-leaf pine is about 10 per cent lighter than the long-leaf pine.

Mr. MILLER. What is the average weight of this long-leaf yellow pine lumber?

Mr. GARDINER. On rough, green timbers the average weight is about 4,500 pounds per thousand; on dressed timbers the average, I suppose, would be about 4,000 pounds per thousand; dry, rough lumber will weigh, manufactured, 1 inch and 2 inches thick, an average of 3,200 or 3,300 pounds to the thousand, and dressed lumber of various sizes as it comes from our mill, some thick and some thin, averages about 2,500 or 2,600 pounds to the thousand.

Mr. MILLER. How long have you been familiar with the Illinois Central Railroad, say, from Chicago south?

Mr. GARDINER. In a general way since 1891, and more intimately acquainted with it since the building of the Gulf & Ship Island Railroad in 1900.

107* Mr. MILLER. Do you know what, if any, improvements have been made on the Illinois Central Railroad in taking out curves and reducing grades, etc., to diminish the expense of transporting traffic?

Mr. GARDINER. I have traveled over the Illinois Central Railroad several times lately, and they are expending a great deal of money in double tracking, straightening curves, and eliminating grades, and they are bringing it up to a very high standard.

Mr. MILLER. They have been doing that for quite a number of years, have they not?

Mr. GARDINER. Yes, sir; I should say in a very extensive way since about 1900.

Mr. MILLER. Do you know anything about the rates that prevailed from this section of the country to points north of the Ohio River prior to this first rate we have spoken about that was 13 cents in 1891? flooring, ceiling, and that kind of material of upper grades. There

Mr. GARDINER. No; my earliest acquaintance with the rates was with those in effect in 1891 and 1892.

Mr. MILLER. Do you know anything about the history of this traffic—how it got into that territory—the lumber traffic?

108* Mr. GARDINER. Why, it commenced in a demand for car sills and heavy joists and timbers for structural purposes, and generally the side boards and waste—that is, the lumber that came out in making those timbers—were sold locally or destroyed—burned up without any value to the manufacturer. The demand

commenced along, perhaps, in the early part of 1880 for side boards—flooring, ceiling, and that kind of material of upper grades. There was no movement, as I understand, in those days for the lower grades. Those grades were supplied from the white pine and hemlock territory, and I believe to a considerable extent from Arkansas and Missouri.

Mr. MILLER. What became of the low-grade stuff here in the process of manufacture; was it thrown away?

Mr. GARDINER. I think practically all of it was wasted. I think 33⅓ per cent of it was wasted.

Mr. MILLER. After the southern mills east of the river got into that territory, did they undertake to manufacture and find a market, and did they find a market for the lower grades?

109* Mr. GARDINER. Yes, sir; it was a very hard struggle, especially along in 1893, 1894, 1895, 1896, and 1897. The price of lumber was very low, and I know we realized for a very large part of our shipments of what we call No. 2 common—which constitutes, perhaps, at the present time one-third of our cut—we realized not to exceed four dollars a thousand on a car, and we were obliged to manufacture that lumber in connection with the other lumber. In getting out the higher grades we were bound to manufacture the lower grades. We have since those years, as the price of the lower grades has advanced, increased somewhat the percentage of our low grades. We have marketed a larger percentage. We have wasted less. We haul in logs now that formerly we left in the woods, and they were burned up.

Mr. MILLER. Do you know what proportion is the low grade or cheap grade?

Mr. GARDINER. Well, my recollection is that last year about 28 per cent of all the shipments was of the upper grades, and my recollection is that the 72 per cent was divided about equally between what we call the low grade, or No. 2 common, and medium grade, or No. 1 common. I think it was divided about like that.

Mr. MILLER. What is the average price of No. 2 common at the mill?

110* Mr. GARDINER. At the present time about eight dollars, I think; that is, dressed, finished lumber. There is some lumber we sell at the present time, rough boards, that we realize about six dollars for. It has been an effort on our part all the time to find a market for the low grade, so as to avoid the waste in the woods and establish a market for the low grade lumber.

Mr. MILLER. Did you undertake to say what was the difference between the average value of the lumber at the mill and the freight rate? I think the complaint says it is about the same.

Mr. GARDINER. Well, that answer would depend on what kind of lumber was shipped. Now, with us, practically all the lumber we ship is dried and dressed, and our shipments average in weight, I think I stated, about 2,500 or 2,600 pounds. The green lumber weighs about 4,000 pounds dressed. Now, the average rate of freight is about 26 cents, or 25 cents a hundred—$6.50; and on the green lumber it would be about $10.50. The value of the green lumber at the present time is in the neighborhood of ten dollars. It varies from

eight dollars at the present time on timbers of small sizes and
111* ordinary rough timbers to twelve dollars on what they call all heart timbers. The average is about ten dollars. So the freight on green timber at the present time would be about the same as the value of the lumber at the mill—it would be very much less.

Mr. MILLER. Now, Mr. Gardiner, a question I intended to ask you was this: From your study and observation of this lumber traffic and freight question, are you able to say whether or not the rate in effect prior to April 15th, 1903, on the railroads you patronize was reasonable or not? Would you undertake to say that that rate was reasonable and the advance unreasonable? Please give your reasons as briefly as you can for your opinion.

Mr. GARDINER. Well, I believe the rate in effect prior to April 15 was reasonable, and I believe the advance was unreasonable. One of the reasons why I consider the advance unreasonable is, that on the statement of the railroad people themselves that they needed this advance because of the decrease in their net earnings, or substantially that, they were mistaken in that, because investigation of their earnings as published by their annual statements, ending June
112* 30th, shows larger net earnings than ever before in their history, and my understanding is this, that it does not cost any more—it should not cost any more to haul lumber to the Ohio River from our place, or from representative places in southern Mississippi than it does from Arkansas and Louisiana, and the cost of hauling lumber—that is, the charge for hauling lumber from Arkansas and Louisiana is anywhere from 2 or 2½ to 5 cents less than it is from our territory. The same applies as to the Mobile & Ohio. The mills on the Mobile & Ohio south of Meridian have rates to Cairo and all points north from 2 to 3½ cents lower than apply from our territory or mills on the Illinois Central Railroad. Another thing, if I remember right, in the testimony given in the tap-line case by Mr. Farrell, his reason for giving a tap-line and not making an open reduction in the rate was that if he did so the lines on this side would meet the reduction in the rate and make the reduction in the tariff, and he stated that he considered the rate over there a reasonable rate, and if I remember right too, he stated that when his connection commenced with the Cotton Belt Railroad, it was practically a bankrupt road, and that they had been giving
113* these tap-lines a good many years and developed the business along the line of the road and brought it up to a first-class condition, and it was a first-class road, and a very large part of the tonnage of that road is lumber.

Mr. MILLER. Do you recollect whether or not one of those traffic men over there said, in answer to a question by Commissioner Prouty or Commissioner Fifer—I am not sure which—why it was they did not give an open rate equal to the tap-line division, or equal to the rate less the tap-line division, that the effect would be to break down rates east of the river?

Mr. GARDINER. Yes, sir; I remember that statement in his testimony.

Mr. MILLER. Do you know whether or not, as a matter of fact, the great majority of mills on those western roads get that tap-line allowance?

Mr. GARDINER. My understanding is that practically all the mills in that country get the tap-line. There are a few mills situated on the tap-lines that ship the lumber and receive a division of the rate on lumber shipments, but it is a small percentage of the total. Practically all the mills are located at the junction points, and they get the division on the logs hauled in. Now, as I stated this
114* morning, in Arkansas and Missouri and the northern part of Louisiana, the lumbering operations have been going on a good many years, and the timber is cut back from the main lines, so I think there are not very many mills situated on those trunk lines without logging roads. It was stated in the testimony of Mr. Farrell and Mr. Lincoln, if I remember right, that there was a movement of lumber from stations on their main line from which there was no tap-line given.

Mr. MILLER. Do you recollect what the percentage of increase in the net earnings of the Illinois Central was on an average for three years after 1900, as shown by their annual reports?

Mr. GARDINER. I have not it in percentages, but I have it in dollars. These figures (referring to statement) are taken from the annual statements of the Illinois Central, the Southern, and the Louisville & Nashville, and the Gulf & Ship Island. The net income of the Illinois Central in 1896 was $10,010,388; fixed charges, including interest on bonds, loans, and rentals, $6,924,663; that left a net income of $3,085,724, which was applicable to dividends or for use in betterments. The next year the net income was $2,778,551. In 1898
115* it was $4,388,655. In 1899 it was $4,331,502; in 1900, $5,657,274; in 1901, $6,967,660; in 1902, $9,790,461; in 1903, $10,729,392, or an increase from 1896 from $3,085,000 to $10,729,000 in 1903, and an increase from the year ending June 30th, 1902, from $9,790,000 to $10,729,000 for the year ending June 30th, 1903. That is the Illinois Central Railroad. The other lines show practically the same percentage of increase. The Southern Railway shows an increase from six hundred thousand dollars in 1896 to $4,130,141 in 1903. The Gulf & Ship Island was not in operation so far back as that. The Gulf & Ship Island shows in 1901 net income applicable to dividends—that is, after paying fixed charges—$7,572; in 1902, $274,770; in 1903, $473,717. There is two hundred thousand dollars increase from 1902 to 1903.

Mr. MILLER. The Gulf & Ship Island does not take any part of this advance itself, does it?

Mr. GARDINER. My understanding is that it does not. In 1902 my recollection is that something over 80 per cent of the earnings of the Gulf & Ship Island were from lumber—it was either the earnings or tonnage—I think the earnings.

Mr. MILLER. Did you say 8 per cent or 80 per cent?

116* Mr. GARDINER. Something over 80 per cent.

Mr. MILLER. Did you look at the statements filed by the Alabama & Vicksburg?

Mr. GARDINER. No, sir; I have not taken those. The annual statement of the Illinois Central Railroad for the year ending June 30th, 1903, in comparison with the year 1902, by months, shows as follows: The decrease in July, 1903, over July, 1902, was $235,000; in August the decrease was $283,000; the increase in September was $47,369;

in October, $70,117; in November, $81,970; and in December, $149,600. Now, in January of 1903 the decrease was $117,000. In February and the months following it showed a very large increase in net earnings over the previous year—$117,000; in March, $104,000; in April, $150,000; in May, $271,000; and in June, $324,000—that is, $324,000 more than in June of the previous year; and the net receipts for the year were $681,000 more than for the previous year. I take those figures as a basis for my judgment that it was not necessary for them to increase their rates to meet their fixed charges and pay operating expenses, and that they were mistaken when they stated that this advance was necessary to cover the increased cost of
117* operating the railroad.

Mr. MILLER. What they said, then, is only true of the proportion of increase and not the absolute.

Mr. GARDINER. Well, it was not true of the proportion, because there was an increase of earnings over the previous year in 9 months and only 3 months would show a decrease, and the total increase was $681,000 for the year. Now, during the months of April, May, and June of this year they had an increase in earnings on account of this advance in rates of 2 cents, which I estimate on the Illinois Central Railroad would apply to something like five thousand or six thousand cars a month, and at ten dollars a car it would be fifty or sixty thousand dollars increased earnings they would have from lumber. They show an increase of $324,000 for the month of June.

Mr. MILLER. Over the previous year?

Mr. GARDINER. Over the previous year; yes, sir.

Mr. MILLER. So your proposition is that it was wholly unnecessary to advance these rates?

Mr. GARDINER. Absolutely unnecessary.

Mr. MILLER. Do you recollect the net earnings per mile of the Gulf & Ship Island.

118* Mr. GARDINER. I do not recall them just now. I had them right here a while ago. I have not the net earnings per mile; I have them per month.

Mr. MILLER. Are they not somewhere in the neighborhood of two thousand dollars per mile?

Mr. GARDINER. My recollection is $2,400 per mile net as against $1,700 the previous year.

Mr. MILLER. Have you made any comparison of the net earnings per mile between these roads and the other railroads in the same group—group 5—between these railroads and other railroads in this group not affected by the increase?

Mr. GARDINER. Yes, sir; I compared the Illinois Central with the Southern. While I do not remember the figures now, the Illinois Central was very much larger per mile than the Southern.

Mr. MILLER. Do you recollect how it was on the average of other roads?

Mr. GARDINER. I do not remember.

Mr. MILLER. The Commission knows the difference between the topography of the country where the Southern operates and where the Illinois Central operates.

119* Mr. GARDINER. Would you like to have these figures?

Mr. MILLER. Yes; we would like to file the statements from which Mr. Gardiner read.

(The same are hereto annexed and marked "Exhibit No. 2 to Mr. Gardiner's testimony.")

Mr. MILLER. Have you prepared a statement showing how your present earnings or milling operations this year compare with previous years?

Mr. GARDINER. The average selling price for lumber is about 50 cents per thousand less.

Mr. MILLER. What does this freight amount to per thousand?

Mr. GARDINER. About 50 cents per thousand on all shipments to that territory.

Mr. MILLER. The decline is just about equal to this advance?

Mr. GARDINER. Yes, sir.

Com'r. PROUTY. Do you mean at the mill?

Mr. GARDINER. At the mill.

Mr. MILLER. That is all.

120* Cross-examination.

Mr. BAXTER. Where is your mill located?

Mr. GARDINER. At Laurel, Mississippi.

Mr. BAXTER. Is it operated by a partnership or corporation?

Mr. GARDINER. A corporation.

Mr. BAXTER. Can you furnish the Commission a statement showing the cost of your plant and your lumber lands?

Mr. GARDINER. The cost of plant and lumber lands?

Mr. BAXTER. Yes, sir; and the lumber lands from which you cut the lumber or the cost of your plant, including the lumber lands?

Mr. GARDINER. Well, I could furnish an approximate figure as to that. The mills have been in operation for about ten years now, and there has been a considerable sum charged off of the mills. The mills were built to cut 25,000,000 a year, and they have been enlarged to manufacture 60 millions a year. Part of the machinery put into them in the commencement was taken out and other machinery put in in in place of it. There has been a very large expense to us in these changes and in enlarging the mills, which has been
121* charged off; so it would be impossible for me to make an accurate statement as to the cost of the mills.

Mr. BAXTER. Does your company make up at the end of each year or at stated intervals balance sheets, showing how your business has been conducted and whether it has been profitable or otherwise?

Mr. GARDINER. Yes, sir.

Mr. BAXTER. Will you furnish copies of those balance sheets to the Commission for the last three years?

Mr. GARDINER. Yes, sir; we can furnish statements of that kind—balance sheets of that kind.

Mr. BAXTER. Will they show for each year whether your business was profitable or unprofitable, and how much the profit or loss was?

Mr. GARDINER. Yes, sir.

Mr. BAXTER. Will they also show the value of your timber lands in the different localities?

Mr. GARDINER. Well, I would have to state in that substantially as I did in the value of the mill. When we buy timber lands we charge the timber-land account with the timber. When we cut the timber we credit the timber-land account with the lumber that is cut off at
122* a fixed price. We also charge to that account the interest, and carrying it. We also charge to that account the cost of

buying and taxes and the cost of looking after those timber lands. The balance as it stands on our books represents not the cost to us but a value that has been arrived at in that way. It would be impossible for us to figure out what these lands actually cost.

Mr. BAXTER. Do you credit that account with the increased value of your timber lands?

Mr. GARDINER. Thus far, no.

Mr. BAXTER. Can you add that so as to make your statement complete? In other words, if you charge your timber lands with all the expenses mentioned, give the credit or enhanced value?

Mr. GARDINER. Yes, sir; we can do that.

Mr. BAXTER. When you charge off the items mentioned by you, Mr. Gardiner, do you decrease your capital or charge it to expense?

Mr. GARDINER. We charge it to expense. I would say this: We take off the balance sheet and before doing it we charge off a certain amount at the end of the year as a reduction in the value of the
123* plant. It could not come in in the monthly expense, but comes in in a lump sum.

Mr. BAXTER. You referred in your examination to certain figures showing the earnings and operating expenses, etc., of the Illinois Central Railroad. Do those figures relate to earnings, operating expenses, etc., of the entire Illinois Central system, or only that part of the system south of the Ohio River?

Mr. GARDINER. The entire system.

Mr. BAXTER. Under the contract with the Gulf & Ship Island Railroad relating to a certain road your company sold to that company, do you haul your logs over the road you sold to them free of cost to yourself?

Mr. GARDINER. Yes, sir.

Mr. BAXTER. Who furnishes the motive power?

Mr. GARDINER. We do. I say free of cost for the use of the road—so far as maintenance and use of the road are concerned.

Mr. BAXTER. What did that road you sold that company cost you?

Mr. GARDINER. Somewhere between six and eight thousand dollars a mile.

Mr. BAXTER. What did you get for it?

Mr. GARDINER. Eight thousand dollars a mile.

124* Mr. BAXTER. You got back all the road cost you?

Mr. GARDINER. Yes, sir.

Mr. BAXTER. And the free use of the road for the purpose of hauling your logs?

Mr. GARDINER. Yes, sir.

Mr. BAXTER. You got the free use not only of the road sold to that company, but you got the free use of 21 miles additional road that has been constructed by that company, did you not?

Mr. GARDINER. Yes, sir; but we furnished certain considerations. We furnished the right of way for it.

Mr. BAXTER. What does it cost per mile to maintain that road per annum—the maintenance is at the expense of the Gulf & Ship Island?

Mr. GARDINER. I do not know.

Mr. BAXTER. You did maintain it awhile yourself?

Mr. GARDINER. Yes, sir.

Mr. BAXTER. What did it cost you?

Mr. GARDINER. We did not keep it separate from the other logging expense.

Mr. BAXTER. Well, how does it compare with other railroads in that neighborhood?

125* Mr. GARDINER. It is in the same condition it was when we sold it, with the exception of a couple of bridges they have put in, and it is not up to the standard of their main line. They are improving it now. I understand they are going to bring it up to the same standard as their main line.

Mr. BAXTER. Could you give an estimate of what it costs per annum to maintain that road per mile, if you did not keep your accounts separate?

Mr. GARDINER. If I remember right—I have no figures to go by—I would estimate that it cost about three hundred dollars a mile—from two to three hundred dollars a mile—to maintain it as a logging railroad.

Mr. BAXTER. Now, then, the interest on the eight thousand dollars a mile that you got for it would be how much?

Mr. GARDINER. It would be 6 per cent on the amount we got—about $9,600.

Mr. BAXTER. Now, how many feet of lumber in logs will you haul over that road a year?

Mr. GARDINER. 60,000,000 feet, approximately.

Mr. BAXTER. What would that amount to as a concession

126* to you in the rate per hundred pounds?

Mr. GARDINER. That is a question of division. If you just consider it on that one proposition it would be the proportion as sixty million is to ten thousand—it would be about 12 to 15 cents a thousand; but I would say this, there are other considerations about that, that that is not an absolute saving to us.

Mr. BAXTER. What are those considerations?

Mr. GARDINER. At the present time we have 12 miles in use, and it is more expensive to operate a railroad in connection with a common carrier than it is to operate a logging railroad without any danger of collisions or wrecks or anything of that kind, and you can operate your trains more cheaply on a line of your own than you can in connection with some other railroad; and then I would say if we own the road it is customary with other lines to develop the business along the line of the road in the way of local traffic that will pay as much as the interest and maintenance of the road.

Mr. BAXTER. What I am trying to get at is, how much you are making out of the arrangement—the benefit it is to you to have

127* that arrangement—by which you can utilize 40 miles of road for nothing.

Mr. GARDINER. The maximum we would make out of it would be the interest and the maintenance, as I stated. There is no other advantage I can see.

Mr. BAXTER. When you hire wagons in the neighborhood to haul logs to the mill, what do you pay the wagons?

Mr. GARDINER. We do not do anything of that kind. We do it all by day's work. We do not pay them that way. We own teams and hire the men.

Mr. BAXTER. What does it cost per hundred feet?

Mr. GARDINER. You mean to haul the logs to the railroad?

Mr. BAXTER. Yes, sir.

Mr. GARDINER. The timber we are cutting is 20 miles from the mill. We haul the logs as they are cut, down to the railroad and load them on the railroad and bring them in over our railroad and the Gulf & Ship Island to the mill.

Mr. BAXTER. You are not prepared to state what that costs per hundred feet of lumber?

Mr. GARDINER. No; I am not prepared to say. It is a varying proposition. Sometimes it is more and sometimes it is less. Most of our hauling is by machinery. It is not done by teams. We
128* haul it by wire ropes and steam machinery. It is not done with teams.

Mr. BAXTER. You said something about the Central Yellow Pine Association and you filed, I think, a copy of your articles of association, have you not?

Mr. GARDINER. Yes, sir.

Mr. BAXTER. I understand you to say there is nothing in those articles—I have not seen them—obligating the members to charge the same price?

Mr. GARDINER. Nothing whatever.

Mr. BAXTER. As a matter of fact, do all the members of that association charge the same price for the same grade of lumber?

Mr. GARDINER. No; they do not. There is absolutely no restriction on them, and as a matter of fact, they do not charge the same. They charge slightly varying prices. I say, slightly varying prices. That would depend on the mills and the selling. They have different ways of selling. One man will manufacture his lumber and sell in bulk to a wholesaler that will sell his lumber. We manufacture lumber and sell it ourselves—distribute it—so it would be difficult to make a comparison

Mr. BAXTER. Did you not, in 1898 and 1899, ship lumber
129* from Laurel by rail to Mobile and thence via water to Boston?

Mr. GARDINER. No, sir; we shipped to New Orleans at that time—about 10 years ago, I think.

Mr. BAXTER. That was to Boston?

Mr. GARDINER. Yes, sir. We have not shipped any that way the past 6 or 7 years, however.

Mr. BAXTER. Is there not generally a falling off in the demand for longleaf yellow pine in the midsummer and also in the winter, about the holidays?

Mr. GARDINER. Well, no; I would not say as a general statement that that is true. It frequently happens that the best demand is in midsummer. I will say this, that there is generally a falling off along about the holidays but that does not apply always. I have known years when there was a better demand in December and January than there was in March.

Mr. BAXTER. Have there been any increases in the prices charged by your company for longleaf yellow pine that you sold north of the Ohio River since April 15, 1903?

Mr. GARDINER. There are one or two items on the list we advanced the price on, I think, 50 cents a thousand.

130* Mr. BAXTER. Any of them as much as $1.50 a thousand?
Mr. GARDINER. No.

Mr. BAXTER. Do you know anyone that has increased the price as much as $1.50 a thousand?

Mr. GARDINER. I do not know of anyone. There might be some particular instance where we received $1.50 more on part of a carload for a shipment since April than we did previous to that, but it would not be a representative transaction. You understand, we have not any uniform selling price. We try to get as near a uniform price for various grades as possible, but we undertake to meet competition and sell accordingly.

Mr. BAXTER. Have you tried to advance your selling prices on and north of the Ohio River?

Mr. GARDINER. Yes, sir; we have tried to, and I suppose we have made a greater effort than almost any one else. It has cost us almost 50 per cent more to sell our lumber this year than last year—the actual selling cost. We did that to secure as high a selling price as possible and cover as much territory as possible, and, as the common expression is, to work the territory that much harder.

Mr. BAXTER. Well, have you succeeded in increasing your sales any?

131* Mr. GARDINER. Our sales are, I think, this year about five millions more than they were last year—that is, up to the first of December.

Mr. BAXTER. How do your prices for the same time compare?

Mr. GARDINER. The average price is about 50 cents less than for the same time last year—48 cents, actually.

Mr. BAXTER. Prior to the reduction in 1899 in the rates from this territory to Cairo for beyond, were not the rates from the Arkansas territory to territory on and north of the Ohio River—were they not materially less than they had been before? Has not that been the case for many years?

Mr. GARDINER. Prior to when?

Mr. BAXTER. Prior to 1899; it was in 1894.

Mr. GARDINER. My understanding is that the rates from Arkansas to Cairo were 13 cents for a number of years prior to 1893, and that the rate of 13 cents from Arkansas remained in effect until 1899. The rates from this side, however, in 1892 were 13 cents, or they amounted to the same thing as making 13 cents, because the rates to destination were the same as from Arkansas, to a very large number of points north of the Ohio River, and then in 1893 the rates were read-

132* justed and advanced from this side to a 15-cent basis to Cairo.

Mr. BAXTER. That was an advance from 13 to 15 cents?

Mr. GARDINER. From 13 to 15 cents.

Mr. BAXTER. Now, in May, 1894, were not the rates from this territory to Cairo for beyond reduced to 13 cents?

Mr. GARDINER. Yes, sir; reduced to 13 cents—to the Arkansas basis.

Mr. BAXTER. Was that done to enable the mills on this side of the river to compete with those on the other side?

Mr. GARDINER. Yes, sir.

Mr. BAXTER. That is all.

Mr. BOWERS. Will you give me the number of the section of the constitution of the Yellow Pine Association that you produced this morning that defines the objects and purposes of the association?

Mr. GARDINER. I have not it right at hand now. I think the objects and purposes were more clearly stated in the resolutions passed at the first meeting of the association, which were that we were to resist the advance in freights.

Mr. BOWERS. That constitution or paper presented by you this morning does not state any objects at all, does it?

Mr. GARDINER. I think it does.

133* Mr. BOWERS. Have you filed with that a copy of the by-laws of the Central Pine Association?

Mr. GARDINER. No, sir.

Mr. BOWERS. Will you file a copy?

Mr. GARDINER. We have not any.

Mr. BOWERS. Will you file a copy of the resolutions you referred to a while ago?

Mr. GARDINER. Yes, sir.

Mr. BOWERS. How many towns of any consequence are there on the Laurel branch of the Gulf & Ship Island between Saratoga and Laurel?

Mr. GARDINER. I think there is one town.

Mr. BOWERS. Taylorsville?

Mr. GARDINER. Yes, sir.

Mr. BOWERS. How large a town is it?

Mr. GARDINER. I think five or six hundred people.

Mr. BOWERS. The haul to Saratoga from Laurel, 41 miles, is practically for the business of Taylorsville and the business taken out of Laurel?

Mr. GARDINER. No; I would not say that. I have made an investigation as to the amount of lumber produced on that line, on

134* which we own timber. We own timber on both sides of the railroad, and as near as I can estimate there is about as much lumber produced per day by mills we have no interest in or connection with as there is produced at our mill; in other words, the Gulf & Ship Island Railroad, which penetrates the body of timber which we own—there is on that railroad as large a production as is produced at our mill. Now, those mills own timber mixed in with ours and we have never bought the timber and never been able to buy it. They have been running and have continued to run since the Gulf & Ship Island was built.

Mr. BOWERS. How many mills are there on that line between Laurel and Saratoga?

Mr. GARDINER. I think 7 or 8 mills—that is, on the railroad. There are several mills back a mile or two in the country; I do not know how many.

Mr. BOWERS. I understood you to say that your cut was about 3,000 cars per annum?

Mr. GARDINER. About that.

Mr. BOWERS. What was the cut of the Camp & Hinton mill before it was destroyed by fire?

Mr. GARDINER. I do not know; perhaps 2,000.

Mr. BOWERS. What was the cut of the J. J. Newman mill

135* before it was destroyed?

Mr. GARDINER. I think about the same as ours.

Mr. BOWERS. What is the price of car sills to-day?

Mr. GARDINER. We do not manufacture car sills, so I cannot answer that question.

Mr. BOWERS. When was the Camp & Hinton mill destroyed by fire?

Mr. GARDINER. Last spring sometime. I do not remember the date.

Mr. BOWERS. When was the J. J. Newman mill destroyed by fire?

Mr. GARDINER. I think about May of this year.

Mr. BOWERS. Have you no information at all as to the selling price of car sills now?

Mr. GARDINER. No, I could not give it definitely. My impression is that ordinary car sills sell at about eight dollars or eight dollars and fifty cents rough, but I would not say that is right.

Mr. BOWERS. The Gulf & Ship Island Railroad—the greater proportion of its tonnage is lumber, I understood you to say?

Mr. GARDINER. Yes, sir.

136* Mr. BOWERS. In cutting out this lumber, it is destroying and exhausting its freight, is it not?

Mr. GARDINER. Not necessarily.

Mr. GARDINER. It is all susceptible of cultivation.

Mr. BOWERS. Is the territory it penetrates a good farming country?

Mr. BOWERS. It is a very poor country, is it not?

Mr. GARDINER. It has raised the best crop of cotton of any section this year.

Mr. BOWERS. Is it not very poor land?

Mr. GARDINER. It is land that has to be fertilized. You might say it is poor land as compared with the delta land.

Mr. BOWERS. As compared with the other hill lands of Mississippi?

Mr. GARDINER. No, I would not say that; I would not admit that.

Mr. BOWERS. Your company owns land all along the whole of this Laurel branch, does it not?

Mr. GARDINER. Yes, sir.

Mr. BOWERS. How many connections has the Gulf & Ship Island by which it could reach Central Traffic Association territory?

137* Mr. GARDINER. Well, it has the Illinois Central at Jackson, the New Orleans & Northeastern at Laurel, Hattiesburg, and Lumberton, the L. & N. connection at Gulf Port, and the Mobile & Ohio connection through the M. J. & K. C. I do not know of any others. There may be others.

Mr. BOWERS. It also has an outlet for export shipments at Gulf Port, has it not?

Mr. GARDINER. Yes, sir.

Mr. BOWERS. There is a very fine harbor, with about 24 feet of water there. Do you undertake to say that 80 per cent of the tonnage, or of the revenue of that road, is derived from lumber?

Mr. GARDINER. My recollection now is that 80 per cent of the tonnage of the railroad was lumber.

Mr. BOWERS. And about 55 per cent of the revenue?

Mr. GARDINER. I would not say about that; 80 per cent of the tonnage.

Mr. BOWERS. That is all.

Mr. RUSSELL. How long have you been in this territory in the milling business?

Mr. GARDINER. Since 1890 or 1891.

Mr. RUSSELL. Were you in the milling business before you
138* came to this territory?

Mr. GARDINER. Yes, sir.

Mr. RUSSELL. Where?

Mr. GARDINER. At Clinton, Iowa.

Mr. RUSSELL. What induced you to come to this territory?

Mr. GARDINER. We had practically exhausted our supply of timber in the North and came South to invest.

Mr. RUSSELL. Did the competition of the Canadian lumber up there run you out?

Mr. GARDINER. No, sir.

Mr. RUSSELL. When there was no duty on it?

Mr. GARDINER. No; it did not run us out.

Mr. RUSSELL. Is there any mill on the Mobile & Ohio connected with your association?

Mr. GARDINER. Yes, sir; I think there are two or three.

Mr. RUSSELL. Name them, will you?

Mr. GARDINER. I think there were two or three. The Mississippi Lumber Company was a member of the association originally, and when we went into this tap-line controversy they said they would like to withdraw; they did not sympathize with that movement.

Mr. RUSSELL. So that there is no member on the Mobile & Ohio?

139* Mr. GARDINER. I think the Yellow Pine Lumber Company is a member.

Mr. RUSSELL. No; they have withdrawn.

Mr. GARDINER. I can not tell you; the secretary of the association can tell better than I can.

Mr. RUSSELL. I think there is no mill on the Mobile & Ohio connected with the association.

Mr. GARDINER. It may be so now; I would not be certain.

Mr. RUSSELL. The Mobile & Ohio Railroad is an old railroad, is it not?

Mr. GARDINER. I believe it is.

Mr. RUSSELL. The timber near the road was cut off immediately after the war, was it not?

Mr. GARDINER. Near the road, I suppose it was.

Mr. RUSSELL. The only timber that a mill located on the Mobile & Ohio could get would be by a logging road out 10 or 15 miles, would it not?

Mr. GARDINER. Yes, sir.

Mr. RUSSELL. Well, I will ask you a question that Commissioner Prouty asked. Don't you think if a mill man came to a rail-
140* road company and said, "I have to go out 10 or 15 miles and it costs me six or seven thousand dollars a mile to reach out into this timber," and that company agreed to give him 2 or 3 cents a hundred for his investment, don't you think that that is a contract that ought to be kept in good faith?

Mr. GARDINER. Well, those things are relative in this way: It depends on what other people are getting; what is in effect in that line in other places.

Mr. RUSSELL. Don't that make a case totally dissimilar in circumstances and conditions from a mill located on the main line where the timber is accessible to the main line?

Mr. GARDINER. There are mills in Mississippi that have to go back as far for their timber, and on lines of railroad that are as old, I guess, as the Mobile & Ohio, that have never allowed tap lines, and still they are manufacturing lumber.

Mr. RUSSELL. You sold your road to the Gulf & Ship Island for a good round sum and reserved the right to use it?

Mr. GARDINER. Yes, sir.

141* Mr. RUSSELL. Is not that similar to allowing a tap-line proportion?

Mr. GARDINER. Not at all. It is an entirely different thing.

Mr. RUSSELL. You get an equivalent for your road?

Mr. GARDINER. Well, it is not an equivalent. We never surrendered the right to a tap line when we did it, because it is only a limited part of our railroad operation. We are operating 18 miles of railroad now outside of the G. & S. I. Railroad, and it is different.

Mr. RUSSELL. Well, I can not see the difference. Can you give us an estimate of what it costs you to manufacture a thousand feet of lumber?

Mr. GARDINER. Yes, sir.

Mr. RUSSELL. What does it cost you?

Mr. GARDINER. It costs us to manufacture lumber, based on stumpage at $2.50 a thousand, just about ten dollars and a half a thousand.

Mr. RUSSELL. What do you sell it for in St. Louis?

Mr. GARDINER. Well, our average sales for the year, down to October 1st, were $11.77 at the mill.

Mr. RUSSELL. What items of cost enter into the manufacture of that thousand feet of lumber?

142* Mr. GARDINER. The labor, all the supplies and all the management—the general management of the business, and the taxes, insurance and depreciation of the property.

Mr. RUSSELL. You said a while ago that about 8 or 10 months ago the Mobile & Ohio could not furnish equipment at Meridian to handle lumber, which increased the expense of your lumber business. Is it not a fact that equipment was short in handling all classes of business at that time?

Mr. GARDINER. I believe it was. My statement was that the failure to furnish cars from day to day as we wanted them made an increased cost to us in handling our business. We must have a supply from day to day as we need the cars or there is an increased cost in handling the lumber.

Mr. RUSSELL. Then you do not mean that the Mobile & Ohio intentionally did this?

Mr. GARDINER. Oh, no.

Mr. RUSSELL. They did everything they could, did they not?

Mr. GARDINER. Yes, sir; according to the capacity of the management.

Mr. RUSSELL. You say you only got $11.75 for lumber per thousand at St. Louis?

143* Mr. GARDINER. I did not say at St. Louis. I said that is the average price we got. We do not sell any at St. Louis to amount to anything.

Mr. RUSSELL. What is the price you get?

Mr. GARDINER. $11.77 net at the mill.

Mr. RUSSELL. Will your statement that Mr. Baxter asked you to furnish to the Commission show that?

Mr. GARDINER. Oh, yes.

Mr. RUSSELL. Are you a member of the Southern Manufacturers Association?

Mr. GARDINER. Yes, sir.

Mr. RUSSELL. Do you publish a price list of your lumber?

Mr. GARDINER. Yes, sir.

Mr. RUSSELL. What is the price you publish for your lumber?

Mr. GARDINER. Delivered prices.

Mr. RUSSELL. Will you file a statement of them with the Commission?

Mr. GARDINER. Yes, sir.

Mr. RUSSELL. What is the average cut per acre?

Mr. GARDINER. About 8,000 feet—8,100 feet I think it was. That is our experience for several years.

144* Mr. RUSSELL. Well, in figuring the cost of manufacturing a thousand feet of lumber, you included the interest on the cost of your plant, did you not?

Mr. GARDINER. No.

Mr. RUSSELL. You excluded that?

Mr. GARDINER. Excluded it.

Mr. RUSSELL. Did you figure in the depreciation of the plant?

Mr. GARDINER. Yes, sir.

Mr. RUSSELL. What per cent of depreciation did you add?

Mr. GARDINER. Well, we have not any fixed per cent. It will average about 50 cents per thousand, I suppose—rather more than that, 50 to 75 cents a thousand on the production of the mill.

Mr. RUSSELL. Don't you get 1 cent less rate to Cairo as a basing point than the Georgia mills?

Mr. GARDINER. My understanding is we get a 1 cent less rate than is in effect from the points where there is a large movement of lumber. The Southern Railway quotes a rate the same as in effect from our place——

Mr. RUSSELL. You get 1 cent less rate per hundred pounds than the Georgia mills?

145* Mr. GARDINER. Yes; but we are perfectly satisfied for them to have the same rate. We believe in a blanket rate. I would like to have you railroad people understand that. There is no question in this of the disturbance of the system of blanket rates. It is a question of the 2 cents; that is all.

Mr. RUSSELL. Now, Mr. Gardiner, you say that the rate was reduced in 1893 or 1894 on lumber to Cairo to enable you to compete with the lumber out of Arkansas and Texas. Is the lumber out of Arkansas and Texas a lower grade?

Mr. GARDINER. No, sir.

Mr. RUSSELL. Is it not what they call "Lob-lolly?"

Mr. GARDINER. No, sir; the average selling price of yellow pine in Arkansas is higher than in Mississippi.

Mr. RUSSELL. Don't the railroads in their specifications ask for your long leaf yellow pine?

Mr. GARDINER. Yes, sir; but the car companies use a small percentage of the lumber manufactured in the South. Fully 95 per cent of the lumber used north of the Ohio River is for general house building, where there is no specification for long leaf pine.

Mr. RUSSELL. They exclude the "Lob-lolly" pine in the

146* specifications?

Mr. GARDINER. For car sills?

Mr. RUSSELL. Yes, sir.

Mr. GARDINER. I presume they do.

Mr. RUSSELL. And for the framing of cars?

Mr. GARDINER. I do not know about that. I do not think they are so particular about that. That matter was all gone over ten years ago, and the railroad companies decided we were right in our contention and reduced the rate.

Mr. RUSSELL. Did not the tariff on the Canadian lumber have something to do with this question in 1894 and 1895; when the tariff was two dollars a thousand on lumber, was not that when we advanced the rate on it to relieve you from the competition of Canadian mills?

Mr. GARDINER. Yes, sir; we were relieved to that extent.

Mr. RUSSELL. I was at a meeting when that question was gone over. I do not know whether you were there.

Mr. GARDINER. My brother was there, I think. I did not understand the advance of railroad rates to be in relation to the tariff at the time the advance was made.

Mr. RUSSELL. I think it was a factor that was considered.

Mr. GARDINER. The lumber people have never been consulted

147* as to what rates they could stand until after the rates were put into effect.

Mr. RUSSELL. You spoke of the coal coming down here. Where does that coal come from?

Mr. GARDINER. Largely from Alabama.

Mr. RUSSELL. It does not come over the Mobile & Ohio; it comes over the A. G. S.

Mr. GARDINER. I think a good deal of coal comes from southern Illinois over the Mobile & Ohio. I know the New Orleans & Northeastern receive large quantities from southern Illinois by the Mobile & Ohio.

Mr. RUSSELL. We bring coal from Illinois in order to furnish cars to carry lumber back. It would not pay us to haul coal from Illinois unless we wanted a return load of lumber.

Mr. GARDINER. I do not know. I do not know how cheaply you can afford to haul stuff.

Mr. RUSSELL. Don't you know it to be a fact that we do not haul any coal from the north of Union to the South?

Mr. GARDINER. I do not know.

Mr. RUSSELL. You do not know where it comes from?

148* Mr. GARDINER. No.

Mr. BOWERS. Can coal cars coming from Alabama into Central Traffic Association territory in conformity with the rules the railroads have—don't they have to go back to the same territory they come from?

Mr. GARDINER. No; I think not. The Illinois Central sends its cars to the coal regions and they are loaded with coal. They are

brought to New Orleans and unloaded, and the cars are given to the shippers of lumber and they are moved wherever they see fit.

Mr. BOWERS. Can you give us an approximate estimate of the amount of your investment in the lumber business exclusive of your lands?

Mr. GARDINER. I should say in the neighborhood of six or seven hundred thousand dollars. I do not remember exactly.

Mr. BOWERS. Could you, at the same time you file the statement Mr. Baxter asked for, file a statement that would furnish a comparatively accurate idea as to the amount of the investment exclusive of the land?

Mr. GARDINER. Yes, sir; I think we can do it.

149* Mr. BOWERS. Taking your estimate as to the cost of manufacturing lumber, you figured stumpage on a basis of $2.50 a thousand?

Mr. GARDINER. Yes, sir.

Mr. BOWERS. What was the average cost to you of that stumpage?

Mr. GARDINER. That is difficult to tell. I suppose it has cost us anywhere from 50 cents to two dollars a thousand. We have paid two dollars a thousand for some we manufactured the last two years. We have paid higher than that for some we have not manufactured.

Mr. CATCHINGS. How much lumber does Arkansas ship out?

Mr. GARDINER. I cannot answer that. I think we can obtain the information and give it a little later.

Mr. CATCHINGS. Can you approximate it?

Mr. GARDINER. I think I can approximate it a little later. I am not familiar with the figures, but I think there is a source we can obtain them from.

Mr. CATCHINGS. I wish you would put that in—how much lumber Arkansas sells in the territory in which you market your lumber.

Mr. GARDINER. I think they sell about the same in that territory that we do—that Mississippi does.

150* Mr. CATCHINGS. It has a territory west?

Mr. GARDINER. Yes, sir. The Missouri Pacific is the principal lumber line west of the Mississippi River, and they will not make joint rates with lines east of the Mississippi River to local stations on their road, so that they supply a very large territory in Kansas, Nebraska, and Missouri and shut mills in Mississippi out of that territory. They get through Cairo into all the markets we reach. The same applies to the Santa Fe road.

Mr. RUSSELL. It does not apply to the C., B. & Q.?

Mr. GARDINER. It does not.

Mr. CATCHINGS. What is the selling price of lumber in the territory west of the Mississippi which Arkansas goes into as compared with that east of the Mississippi that you go into?

Mr. GARDINER. I think the prices are about the same. The prices are all made delivered, and the selling price in those territories would depend on the rate of freight they have to pay. For instance, the selling price at the Missouri River would be based on a 23-cent rate. Now, some point west, in Kansas—Topeka, for instance, or some place west of the Missouri River—would be based on 7, 8, or 10 cents

151* higher rate. The prices are all made on a delivered basis.

Mr. CATCHINGS. These tap-line rates in Arkansas have been in existence a number of years?

Mr. GARDINER. My understanding is that they were put in after the agreement was made to the 13-cent basis on both sides of the river.

Mr. CATCHINGS. What year was that?

Mr. GARDINER. In 1894.

Mr. CATCHINGS. They have been in existence ever since?

Mr. GARDINER. Yes, sir.

Mr. CATCHINGS. The effect of those tap-line allowances is to make a profit to the lumberman, is it not?

Mr. GARDINER. It operates to reduce the rate to the extent of the tap-line proportion. To that extent it is that much profit to the lumberman.

Mr. CATCHINGS. It does not affect the selling price of the lumber?

Mr. GARDINER. That would depend on competitive conditions. If there is a slight demand for lumber and strong competition for the business, the mills that have the lowest rates of freight will secure the business. That applies especially to low grade lumber.

152* Mr. CATCHINGS. Has there been any falling off in the value of pine lands generally in Mississippi since this raise of rates was put in?

Mr. GARDINER. Not that I have heard of.

Mr. CATCHINGS. They have increased in value, have they not? They are getting more valuable all the time?

Mr. GARDINER. More valuable all the time.

Mr. CATCHINGS. Has there been any diminution in the output of lumber by reason of these rates, say in the last five or six months?

Mr. GARDINER. No; I think the production is about the same now that it was 6 months ago.

Mr. CATCHINGS. So that the value of your property has not been diminished and your output has not been diminished? The effect, if any at all, is simply to diminish your earnings?

Mr. GARDINER. That is about it.

Mr. CATCHINGS. The business goes on about the same?

Mr. GARDINER. Just about the same?

Mr. CATCHINGS. It has been reported that your company has been offered five million dollars for your land and plant within the last three weeks.

153* Mr. GARDINER. They did not offer it to us. We have had no such offer.

Mr. CATCHINGS. You do not know of such an offer?

Mr. GARDINER. No, sir. If you should happen to get accurate information as to where that came from we would like to have you bring the man around.

Mr. CATCHINGS. You would give me a good commission, I suppose?

Mr. GARDINER. Yes, sir.

Mr. CATCHINGS. Is it not a fact that after the decrease of rates in 1894 your sales in the territory north of the Ohio River increased very rapidly?

Mr. GARDINER. Yes, sir; we have been enlarging our business. We have been increasing our business since we commenced.

Mr. CATCHINGS. Is it not a fact that the sale of lumber has increased anyhow all the time from year to year since you began business in Mississippi and the roads began to haul it and help it along?

Mr. GARDINER. They never helped it much. I will not admit that.

Mr. CATCHINGS. Well, they transported your lumber for you—carried it to the purchasers?

154* Mr. GARDINER. Yes, sir.

Mr. CATCHINGS. Is it not a fact that the business has constantly grown from the time it started?

Mr. GARDINER. Yes, sir.

Mr. CATCHINGS. And there has been a great boom in pine lands that has gone along without reference to rates?

Mr. GARDINER. Yes, sir.

Mr. CATCHINGS. I do not think of anything else.

Com'r PROUTY. You said that two or three mills burnt up last spring?

Mr. GARDINER. Yes, sir.

Com'r PROUTY. Are they in process of rebuilding?

Mr. GARDINER. One of them has been rebuilt; the other has not.

Com'r PROUTY. Has the total output of lumber in this Mississippi territory been greater or less this year than it was last year?

Mr. GARDINER. I should say the production of lumber in Mississippi was about the same this year as last. There are a great many small mills going in and out all the time—going into production and out of production as they exhaust their supply of timber, but my impression is that the production during 1903 will be about the same as in 1902. It may possibly be a little larger, but I think it is about the same.

Com'r PROUTY. You say your prices have averaged 50 cents less?

Mr. GARDINER. Yes, sir.

Com'r PROUTY. That is, at your mill?

Mr. GARDINER. Yes, sir.

Com'r PROUTY. You deal in dry lumber?

Mr. GARDINER. Yes, sir.

Com'r PROUTY. So the price to the consumer, the delivered price, would be about the same?

Mr. GARDINER. Yes, sir.

Com'r PROUTY. You first came into this territory in 1891?

Mr. GARDINER. Yes, sir.

Com'r PROUTY. Where did the sawmill business in this southern territory first develop—in Arkansas, Mississippi, or Georgia?

Mr. GARDINER. The sawmill business—that is, the manufacture of yellow-pine lumber for shipment to the northern market—

156* originated first in Arkansas and Missouri, the territory nearest St. Louis, with the shortest rate. I think it originated in Georgia in the way of finished product—flooring, ceiling, and that sort of stuff—a little earlier than it did in Mississippi for similar materials, but I think it originated in Missouri and Arkansas earlier than any of the other territories.

Com'r PROUTY. When you first came into this territory, was there a considerable quantity of lumber manufactured here for the northern market?

Mr. GARDINER. Yes, sir; there was a considerable quantity, but, roughly estimating, I would say there was not to exceed ¼ or ⅓ manufactured in Mississippi at that time that there is now.

Com'r PROUTY. Do you remember what the rate at that time was to Cairo?

Mr. GARDINER. It was 13 cents.

Com'r PROUTY. Was that the rate when you first came here?

Mr. GARDINER. It was the rate in 1892. We came here in 1891, but did not do much of any business. It took us the first year to
157* organize. The first year we commenced shipping lumber the rate to Cairo was 13 cents. I will say this, that the through rate was a rate that would base on 13 cents. I would not say the rate to Cairo was 13 cents, but the through rate to Chicago was 22 cents; then it was advanced in 1893 to 24 cents, and the basis was 15 cents at that time to the Ohio River.

Com'r PROUTY. At the present time the lines south of the Ohio River make a certain rate to the river, and the rate to the point of destination is made by adding that rate and the rate beyond the river together, is it not, in all cases?

Mr. GARDINER. Yes, sir.

Com'r PROUTY. That is to say, some points may base on Cairo and some may base on Cincinnati?

Mr. GARDINER. Yes, sir; it is always made on the lowest combination.

Com'r PROUTY. When you first came into this territory that was not universally true, was it?

Mr. GARDINER. I do not know. I think not. I think they used to base on Cincinnati, but when the readjustment was made to the 13-cent basis at that time I know Cairo, as the basing point was
158* established, and the other towns on the Ohio River bore higher rates, and the through rates based on the lowest combination.

Com'r PROUTY. Do you at present sell anything in territory west of the Missi-sippi River?

Mr. GARDINER. A limited amount of lumber. I will say this: Our rate into St. Louis is 2 cents higher than from Arkansas and Louisiana points into St. Louis. There is that much against us and then there is the tap-line against us. In the territory east of the Mississippi and in Iowa the published rates are the same. In other words, in St. Louis proper the rate is 2 cents against us.

Com'r PROUTY. Taking the territory east of the Mississippi River, do you sell most in Illinois, Indiana, and Ohio?

Mr. GARDINER. I have a statement here of our shipments for last year, giving the number of cars that went into each State.

Com'r PROUTY. I would be glad to have you file that statement.

(The same is hereto annexed and marked "Exhibit No. 3 to Mr. Gardiner's testimony.")

Mr. GARDINER. This statement gives the number of cars
159* shipped in 1900, 1901, and 1902 from our mills into the various States and what was shipped locally in Mississippi and what was exported. It is a record of total shipments of 3,393 cars in 1900; 3,317 in 1901; and 3,506 in 1902. The record shows that in 1902 we shipped into Indiana, 780 cars; into Illinois, 478; into Ohio, 407; into Missouri, 210; into Kentucky, 207; into Kansas, 188; into Michigan, 137; into New England, 133; into Nebraska, 114; into Iowa, 100; export 78; New York, 58; Pennsylvania, 56; Tennessee, 49; Louisiana, 20; Alabama, 26; Oklahoma and Indian Territory, 13; South Dakota, 12; Wisconsin, 15; Minnesota, 8; West Virginia, 8; Colorado, 1; Canada, 1; Maryland, 2.

Com'r PROUTY. How do you get to New England—by all rail or rail and water?

Mr. GARDINER. Entirely by rail. Now, I would say this: Our rate to New England points is 37 cents. That is a higher rate than is in effect from Georgia points to the extent, I think, of about 3 cents. That is my recollection about that. The lines west of the Mississippi River have maintained a higher rate by about 3 cents to New England and New York points than obtained from Mississippi, but
160* recently, I understand, the Iron Mountain Railroad and the Missouri Pacific Railroad have put into effect to New England and New York the same rates as obtain from Mississippi.

Com'r PROUTY. Going back to the time you began to ship lumber into that territory, what part did you ship most to—Ohio, Illinois, or Indiana?

Mr. GARDINER. Well, our shipments have increased to Illinois and there has been a decrease to Kentucky and Ohio points. In other words, we have had a falling off the last few years the farther east we go. The trade has shifted more to the west—to Illinois. Formerly we were not able to ship anything to the Missouri River. It was only within the last 3 or 4 years that we had a 23-cent rate, the same rate that Arkansas had to Missouri River points, and we have made some shipments to the West in the last 2 or 3 years and there has been a decline in the shipments to the East. Now, those figures are not absolute as to the condition of trade. They are very largely based on our effort to get business. For instance, in Illinois, this year, which is not due specially to more favorable trade con-
161* ditions in that State, but to the fact that we have put a traveling salesman in there to solicit the business. We have worked the territory harder. That is the idea.

Com'r PROUTY. Is this pine lumber in Mississippi boxed?

Mr. GARDINER. A considerable part of it is boxed, but nothing like what there is in Georgia.

Com'r PROUTY. You were present at Atlanta and heard that testimony, did you not?

Mr. GARDINER. I was present part of the time.

Com'r PROUTY. How do you say the quantity of timber here and the length of time it is likely to last compares with what was testified to in Georgia?

Mr. GARDINER. I think the timber in Mississippi will last longer than in Georgia. They have been lumbering and destroying timber there a great many years. They have been boxing timber for turpentine and that has destroyed a great deal of timber, and then, my impression is, it was never as heavily timbered as this territory. I may be mistaken in that, however.

Com'r PROUTY. That is all.

162* Com'r YEOMANS. In giving the cost of your plant, what do you include?

Mr. GARDINER. Everything we have in the way of sawmill plant, railroad and logging camp.

Com'r YEOMANS. What is the amount?

Mr. GARDINER. I said my recollection would be somewhere in the neighborhood of six hundred thousand dollars. I would not give that as a definite figure.

Com'r YEOMANS. That is all.

Mr. BAXTER. You filed a statement just now showing the number of cars shipped by you to each of the States mentioned in that statement, but it does not include any cars shipped this year. I wish you would add to that statement one showing the number of cars shipped by you to each of said States from January 1st, 1903, to December 8th, 1903.

Mr. GARDINER. Yes, sir.

Mr. MILLER. What you said about the Cairo rate, is that equally applicable to the Ohio River gateways as to business basing on those points—Cincinnati, Louisville, etc?

Mr. GARDINER. How do you mean?

163* Mr. MILLER. Your testimony has been confined this morning to this Cairo rate. The complaint is against the advance of 2 cents to all points on the Ohio River. I want to ask if what you said about the Cairo rate is equally applicable to all other Ohio River gateways as to business basing on those points?

Mr. GARDINER. Of course; yes, sir.

Mr. MILLER. Speaking of the desirability of this character of traffic, the lumber traffic, it is stated in the complaint that in the event of collisions or accidents there is little or no damage to the lumber; that it is more desirable than almost any kind of traffic. I would like to ask you what amount of damage claims you have made or collected from the railroad companies handling your business in the course of your business?

Mr. GARDINER. Well, it is insignificant. I do not believe we have collected anything during the past year for damages to the lumber in shipment. If we have, it has not exceeded one hundred dollars.

Mr. MILLER. You say the total claims you have made or collected are insignificant?

Mr. GARDINER. Yes, sir.

164* Mr. MILLER. There have been collisions of cars loaded with lumber, have there not?

Mr. GARDINER. Yes, sir. Generally, however, the lumber is saved. It may be damaged, perhaps a few dollars. If it is considerably damaged, and the railroad companies can use it, they frequently use it themselves and pay us for it; so it is not a loss. They use it instead of sending it on and having trouble with it with the customer.

Mr. MILLER. You have been asked about the Southern Lumbermen's Association. Is membership in that association extended over the whole pine region?

Mr. GARDINER. It covers pretty generally the whole yellow pine region.

Mr. MILLER. East and west of the river?

Mr. GARDINER. Yes, sir.

Mr. MILLER. Does it take in Georgia?

Mr. GARDINER. I think there are a number of members in Georgia and Florida.

Mr. MILLER. And it takes in Alabama, Louisiana, Arkansas, and Texas?

Mr. GARDINER. Yes, sir. There is a larger percentage of members west of the river than east of the river.

165* Mr. MILLER. It is entirely different from this other organization?

Mr. GARDINER. Yes, sir; entirely different.
Mr. MILLER. That is all.
Mr. CATCHINGS. You stated that your company is a corporation?
Mr. GARDINER. Yes, sir.
Mr. CATCHINGS. Do you have shares of stock?
Mr. GARDINER. Yes, sir.
Mr. CATCHINGS. What is your capital stock?
Mr. GARDINER. Our capital stock is four hundred thousand dollars.
Mr. CATCHINGS. Do you declare dividends annually or semiannually?
Mr. GARDINER. We generally declare them annually.
Mr. CATCHINGS. What was your last annual dividend?
Mr. GARDINER. I do not know that I want to tell you.
Mr. CATCHINGS. I think the question is legitimate.
Mr. GARDINER. I do not think it is legitimate to this inquiry.
166* Mr. MILLER. This is a private business, if your honors please.
Com'r YEOMANS. I think we ruled at Atlanta that it was a private business.
Mr. BAXTER. We understand that the witness has declined to answer?
Mr. GREEN. We understand the Commission as sustaining our objection.
Mr. BAXTER. Does the witness decline to answer as to what the profit of his business is?
Mr. GREEN. Witness interposed objection that would have been interposed by counsel to protect the witness. We make the same objection on part of witness that the witness has made himself.
Com'r PROUTY. There is no protection about it. He has a right to tell if he wants to. We thought up there at Atlanta that a private manufacturer did not stand like a common carrier in this respect.
Mr. BAXTER. Defendants except to the ruling of the Commission, sustaining the witness in declining to state what the last annual dividend of his company was.
Mr. CATCHINGS. That is all.
The witness was excused.

167* C. W. ROBINSON, a witness on behalf of the complainant, having been duly sworn, testified as follows:
Mr. MILLER. Mr. Robinson, are you a member of the Central Yellow Pine Association?
Mr. ROBINSON. My firm is; yes, sir.
Mr. MILLER. In what business are you engaged?
Mr. ROBINSON. In the manufacture of yellow pine lumber and the wholesaling of yellow pine lumber.
Mr. MILLER. Where are the plants situated that you are interested in?
Mr. ROBINSON. On the Northeastern Road, the Gulf & Ship Island, and the Louisville & Nashville.
Mr. MILLER. What other business have you been engaged in, Mr. Robinson, besides the lumber business?
Mr. ROBINSON. Well, I sold sewing machines; I was a banker for awhile, and I was a civil engineer for a number of years.
Mr. MILLER. You were in the banking business before you went into the lumber business, were you not?

Mr. ROBINSON. Yes, sir.

168* Mr. MILLER. How long?

Mr. ROBINSON. I think 14 years.

Mr. MILLER. Where was that—at Meridian, Miss?

Mr. ROBINSON. At Meridian, Miss.

Mr. MILLER. What position did you hold in the bank?

Mr. ROBINSON. I was cashier of the First National Bank of Meridian, Miss.

Mr. MILLER. What is the average annual output of the plants you are interested in, Mr. Robinson?

Mr. ROBINSON. About 12,000,000 feet.

Mr. MILLER. Do you buy much lumber in addition?

Mr. ROBINSON. Well, I mean that my firm handles all told about 12,000,000 feet, including the output of our own mills.

Mr. MILLER. You say you handle 12,000,000 feet?

Mr. ROBINSON. Yes, sir; 12,000,000.

Mr. MILLER. How long did you say you had been engaged in that business in Mississippi?

Mr. ROBINSON. Since 1897.

Mr. MILLER. It has been claimed by the traffic officials of the railroads that the prices of lumber are continually advancing and

169* that the lumber trade was so prosperous and the demands so great that lumber could very well afford to stand this advance of 2 cents, which they claim was necessary. I would like to ask you how your prices compare of late with a year or two ago, and what sort of lumber you handle generally?

Mr. ROBINSON. The lumber that my mills manufacture and the lumber my firm sells, generally speaking, is structural material and car material very largely; I suppose 80 to 90 per cent. There has been a decline, beginning about the time this rate went into effect, in such classes of materials, from one dollar to three dollars per thousand feet.

Mr. MILLER. Have your prices declined at that rate?

Mr. ROBINSON. From one to three dollars lower at the mills, I meant to say.

Mr. MILLER. Have you given much consideration to this rate question?

Mr. ROBINSON. Yes, sir; it has caused me a good many sleepless nights.

Mr. MILLER. I believe you were one of the originators of this movement, were you not?

Mr. ROBINSON. Yes, sir; I might be said to be, I guess.

170* Mr. MULLER. Are you prepared to give your views of the reasonableness or unreasonableness of this advance to this Commission?

Mr. ROBINSON. Yes, sir.

Mr. MILLER. Please do so.

Mr. ROBINSON. I think that the railroad people were mistaken when they thought they needed any increase in the rates whatever. I think their reports, especially the reports of the older and better managed railroads, show conclusively that they were earning not only a fair compensation on the cost of their properties, but that they were earning an abnormally large percentage on the cost of the properties;

that they were earning this abnormally large percentage on the cost of the properties in spite of the fact that they were operating under congested conditions, in that they were unable to handle the traffic that they attempted to handle. It congested at junction points and terminal points until the losses involved in such congestion amounted to not thousands of dollars, but ran into millions of dollars. During the year 1902, at Meridian, Miss., the Mobile & Ohio were unable for some 9 or 10 weeks to receive all the business that was offered them.

171* One car of lumber that I have particularly in mind, originating on the line of the Northeastern Road, shipped to Carroll to be stopped for dressing, required 77 days to get to the planing mill, a distance of about 150 miles. This delay was due to the congested condition of the yards of the Mobile & Ohio at Meridian. At Jackson, Miss., the congested condition was so great as to almost surpass belief. Perishable freight, because of this congestion, spoiled and was paid for by the railroad companies. Notably at Memphis, Tenn., was the traffic congested. This is true in a less or greater degree of every terminal point I know of and of every junction point. The railroad managements were either shortsighted and did not provide sufficient motive power, a sufficient number of cars, sufficient yard room at junction points, sufficient side tracks along the lines of their roads, and sufficient terminal facilities at the great distribution centers to earn what they would have earned on the old rate if they could have had these facilities. If they had been able to furnish the cars that the business required at the old rate, their earnings would have been enormously increased on the Gulf & Ship Island. I can say, without hesitation, that not to exceed 50 per cent of the cars

172* demanded by the business on this line were furnished.

Com'r PROUTY. What do you mean by that—that twice as much lumber could have been shipped out?

Mr. ROBINSON. Twice as much lumber and other business: yes, sir. Bearing on that point I have in my possession some letters from the Gulf & Ship Island.

Com'r PROUTY. Could you have sold it all if you shipped it out?

Mr. ROBINSON. If the court please, of course that is an unknowable problem. Seemingly we could have sold it all. There was no lessening of the demand.

Com'r FIFER. Did prices go up in consequence of that congested condition—that is, prices of lumber in the northern markets?

Mr. ROBINSON. Well, of course, that would be only an opinion. I suppose it did have some effect, but there is a limit above which the price of lumber in competition with other structural material, such as iron, steel, and cement work, will not go. As an illustration of this, when the lumbermen endeavored, as they did, to add to the previously existing prices the increased cost in freight rates, they found they were unable to do so for the reason that they came into

173* competition with other woods, which were cheaper, and with steel and iron, which about the same time had a sharp decline, and with a new structural material—cement—so that the advance in rates necessarily had to be borne by the manufacturer. Speaking of the car shortage, I have some letters from the officials of the G. & S. I., and possibly some other roads, which I would like to read and file, marking them as exhibits to my deposition, with the permission of the

Commission. I read from a letter written at Gulfport, Miss., May 9, 1903, addressed to my firm:

"I have your favors of May 4th and May 7th in regard to furnishing Ralston some cars for shipments to C., C., C. and St. L. R. R. Co.

"At the present time we are not getting more than about 5% of open cars on our orders.

"We are filling orders in their turns, and will try to take care of these shipments soon.

"Yours, truly, "H. J. SCHEUING,
"*Train Master.*"

Under date of May 1st, 1903, Mr. Scheuing, train master of the Gulf & Ship Island road, writes us:

174* "I have yours of the 29th ult., asking for cars to be placed for the Mason Lumber Co. for Cairo shipment.

"We are getting very few I. C. cars, not over 10% on our orders, and it is impossible to promise that all orders will be filled. However, the best will be done. The I. C. promised that they will give us more cars; if they do, no doubt we will be able to help you out. I can assure you, however, that you will get your proportion of the cars.

"I have on my desk this morning several letters from planers and mill men that have had to wait longer than the parties who ship to you for cars."

I read now from a letter of Mr. Curran, superintendent of the New Orleans & Northeastern, under date of October 19th, 1903:

"In response to your letter of October 17th, stating that it is imperative that 2 box cars be furnished at Watson spur and 4 box cars at Clifton at the earliest possible moment for kiln-dried, high grade lumber. It is useless for me to say that we will furnish these cars at an early date, but will do our very best in that direction. I suggest that you use coal cars or dumps to carry this lumber to Me-

175* ridian, and we will make an effort to furnish them, putting on top of the dressed lumber a roof or shed of common boards. This method is practised by other mills on line who are anxious to get lumber of this character to the planing mills at Meridian. If you adopt this suggestion we will endeavor to move the lumber with very little delay."

(The above letters are hereto annexed and marked "Exhibit No. 1 to Mr. Robinson's testimony.")

Mr. BAXTER. What is the signature to that last letter?

Mr. ROBINSON. D. D. Curran.

Mr. MILLER. You say that in spite of the congested condition of these roads enormous profits were earned in their business, and that a great deal more money would have been earned under different conditions?

Mr. ROBINSON. Yes, sir.

Mr. MILLER. Do you know whether or not the railroads involved in this case have made much recent improvement in rolling stock and their capacity to handle the business?

Mr. ROBINSON. I think they are doing all that the amount of money available will justify them in doing; that is to say, they have gotten about all they can borrow, and they are diverting, in my judgment, a large amount from their current earnings, charging the same

176* to operating expenses and improving the physical condition of their properties. As an illustration, I find from an exam-

ination of the reports of the I. C. road during the years 1901 to 1903, inclusive, that they have so spent from their current earnings, charging this sum to operating expenses—something over twelve million dollars. I am told by parties in position to know that other roads are ballasting their road beds and charging a very large amount which it costs to so ballast their road beds with gravel and rock to operating expenses. Bearing on the question of the congested condition of the road I desire to quote a, to my mind, very significant paragraph taken from the last annual report of the Southern Railway. On page 4 of the 9th annual report, which is the last report of the Southern Railway, I find the following significant language:

"While the increase in gross earnings is large, it could have been exceeded, if equipment, yard, and shop facilities had been equal to the demands upon them, and the net results could have been much improved if the transportation had been done under normal instead of under congested conditions. It is confidently believed that with the improvements now in progress much better operation
177* results will be obtained."

Now, in my opinion, if these various lines of road had been properly equipped to handle the business over them, if they could have had a sufficient number of cars and locomotives, if they had been provided with more yard room and better terminals, the earnings at the old rates would have been increased enormously. In other words, you had as well compare the management of these lines of road, handicapped as they were, as every railroad man in this country knows they were, with a prosperous, well-managed road that was able to take care of all its business; and then for these roads that were thus badly mismanaged, in that they were allowed to congest, to say because of this congestion, because of this shortsightedness, because of this poor management, if you please, perhaps on the part of the men that should have furnished the money, we must increase rates in order that we may increase our net earnings over what we have previously earned, is unjustifiable.

Mr. MILLER. Have you the last several annual reports of the Illinois Central Railroad?

Mr. ROBINSON. I have.

Mr. MILLER. You have examined these several reports?

178* Mr. ROBINSON. Yes, sir; with a great deal of care.

Mr. MILLER. What do you find the condition of that road to be in respect to earnings? Take the last 3 years.

Com'r PROUTY. What road do you ask about?

Mr. MILLER. The Illinois Central.

Com'r PROUTY. Do you claim that he knows any more about this from the reports than you or anybody else would after examining the reports?

Mr. MILLER. He has some detailed information there, and figures.

Com'r YEOMANS. The reports are all on file.

Mr. MULLER. I understand that, but we did not want to go to work and extract this matter.

Mr. GREEN. He has some figures that are not apparent on the face of the report, which will be instructive.

Mr. ROBINSON. I find that the I. C. road paid the following cash dividends on its stock in the years 1901, 1902, and 1903, as shown by the reports for those years: In 1901, 5½ per centum; in 1902, 6 per centum; in 1903, 6 per centum. But I desire to add that I also find from these reports that, by what I regard as an ingenious process, they indirectly pain their shareholders 8 per cent additional
179* in 1903, 8 per cent additional in 1902, and about 12½ per cent additional in 1901; so that the total dividend in cash received directly and by this ingenious indirect process amounted in 1901 to nearly 18 per cent, in 1902 to 14 per cent, and in 1903 again to 14 per cent; that in addition to these cash dividends and indirect dividends they expended or set aside from the net earnings liberal amounts for a pension fund, for insurance, and took out of their net earnings about $12,000,000 for betterments, charging them to operating expenses.

Com'r PROUTY. Now, tell us what the indirect process was by which they paid these percentages.

Mr. ROBINSON. Will one year do to illustrate the process?

Com'r PROUTY. Yes, sir.

Mr. ROBINSON. When this process began, I do not know. I think it began as early as 1899—possibly earlier.

Com'r FIFER. Tell us how it reached the hands of the stockholders.

Mr. ROBINSON. In 1893 the I. C. road thought they needed more money. As I read their reports, they needed this money
180* to acquire additional roads.

Com'r PROUTY. Are you talking about 1893?

Mr. ROBINSON. 1903; that is, the fiscal year ending June 30th. They needed this money to purchase additional roads, with a view, of course, of stifling competition. They adopted this process: They said, our stock in the market is worth $140 a share. We can go on the open market and sell sufficient stock at $140 per share to yield the money we need; but we elect to let our stockholders have this additional stock at par. That is to say, that to each stockholder owning 5 shares of stock we will sell one additional share of stock for $100. The stockholder, if he so elected, could sell the additional share of stock immediately for $140 in the open market, thus making for himself $40, or 8 per cent on his holding of five shares.

Com'r PROUTY. How much stock did they sell in 1903?

Mr. ROBINSON. I have not my copy of the report with me.

Mr. MILLER. Do you recollect about what it was?

Mr. ROBINSON. I would not like to state. I will bring the reports in the morning and give the exact information.

181* Com'r PROUTY. You say that in addition to that they were charging in the operating expenses some twelve million dollars. Do you mean in the 3 years?

Mr. ROBINSON. Yes, sir.

Com'r PROUTY. Did they charge it against operating expenses or against income?

Mr. ROBINSON. Against operating expenses, as I understand their reports. I think I understand them correctly. Proceeding with my testimony, according to these reports under consideration they show in 1901 net earnings on the capital stock of 10.56 per centum; in 1902, 12.36 per centum, and in 1903, 11.29 per centum. During the

years under consideration I find that the net earnings, which were very large in 1900, increased as follows: In 1901 over the year 1900, 13.51 per centum, or $1,316,096; in 1902 over 1901 the increase was 20.6 per centum, or $2,794,645—cents always being omitted; in 1903 the increase over 1902 was 3.61 per centum, or $590,773, or a total increase in net earnings for the 3 years under consideration of 37.72 per centum, or $4,701,151, or an average annual increase of 12.57 per centum, equal to an average annual increase of $1,567,171.

182* Mr. MILLER. Do you know how many of those increases of capital stock by the Illinois Central have been made in that manner?

Mr. ROBINSON. The reports for 1901, 1902, and 1903 show unmistakably that they have been so increased; the dividends paid stockholders have been so increased. I think the process began in 1899, though I had not access to reports of years before 1901, and can not say about that.

Mr. GREEN. To refresh your recollection, the capital stock of the Illinois Central was $52,500,000, was it not, when they first began to increase——

Mr. ROBINSON. What year?

Mr. GREEN. It was increased in 1900 $7,500,000; in 1901 it was increased six million dollars, and again in 1901, in October, $13,200,000, and in 1902 $15,840,000.

Mr. ROBINSON. Yes, sir; those are right.

Mr. GREEN. You say the market price of that stock was about $140?

Mr. ROBINSON. The average price during three years I am testifying about.

Mr. MILLER. What is it worth now?

183* Mr. ROBINSON. It is worth about 137½—somewhere in that neighborhood—I have not observed recently.

Mr. RUSSELL. It is 130. I have some I bought at 140.

Mr. MILLER. I believe you said the conditions on that road had improved greatly since the congestion of 1902 and that they are not likely to occur again.

Mr. ROBINSON. Yes, sir; they are likely to occur any time. In a measure, they are occur'ing now.

Mr. MILLER. Have not they increased their rolling stock substantially?

Mr. ROBINSON. Yes, sir; but not up to the requirements of the business.

Mr. MILLER. What do you know about the New Orleans & Northeastern Railroad? Do you know what it cost?

Mr. ROBINSON. No, sir; I do not know absolutely what it cost.

Mr. MILLER. Are you familiar with its creation, its organization and its construction?

Mr. ROBINSON. I am more or less familiar with its construction. My understanding was at the time it was constructed that it cost in round numbers five million dollars.

Mr. MILLER. How long is that road?

Mr. ROBINSON. 196 miles.

184* Mr. MILLER. It extends from New Orleans to Meridian, does it not?

Mr. ROBINSON. Yes, sir.

Mr. MILLER. Do you know what its capital stock is and bonded indebtedness?

Mr. ROBINSON. I only know it from those reports and I really do not remember. I believe Mr. Jones reports bonded indebtedness ten millions, and stock ten millions. I do not desire to testify about that, because I do not really know.

Com'r PROUTY. What did you say it cost?

Mr. ROBINSON. My understanding at the time was that it cost five million dollars.

Mr. GREEN. How does the Illinois Central hold the lines south of Cairo and which were originally the property of the Chicago, St. Louis & New Orleans Railroad Company?

Mr. ROBINSON. They hold them by lease, I think, originally running 400 years, upon the stock of which corporation they agreed to pay annually 4 per cent, I believe.

Mr. GREEN. The line of the Chicago, St. Louis & New Orleans road ran from Cairo, or from the Kentucky side opposite to Cairo to New Orleans, did it not?

Mr. ROBINSON. Yes, sir.

185* Mr. GREEN. And the Memphis & Tennessee ran from Grenada to Memphis?

Mr. ROBINSON. Yes, sir.

Mr. GREEN. In 1882 the Illinois Central leased the Chicago, St. Louis & New Orleans road from New Orleans to Cairo under this 400 year lease, did it not?

Mr. ROBINSON. Yes, sir.

Mr. GREEN. Have you a copy of that lease?

Mr. ROBINSON. I think I have a copy—not with me, but in my office.

Mr. GREEN. We will offer a copy of that lease in evidence. Then, in 1889 they leased the Memphis & Tennessee road from the Chicago, St. Louis & New Orleans, did they not?

Mr. ROBINSON. They leased the road you refer to. I do not remember who they leased it from. I remember Senator Walthall was attorney for the people that owned the road. Some friends of mine were figuring on getting control of it.

Mr. GREEN. Under these two leases the stock of the Chicago, St. Louis & New Orleans was fixed at ten million dollars, was it not?

Mr. ROBINSON. Yes, sir.

186* Mr. GREEN. And the guarantee of the Illinois Central Railroad Company was to pay 4 per cent annual dividend and all necessary office expenses of the maintenance of the Chicago, St. Louis & New Orleans Railroad, not to exceed five thousand dollars, was it not?

Mr. ROBINSON. I do not remember about the amount, but a sufficient amount, as I remember. 4 per cent on ten million dollars is sure. They guaranteed that absolutely.

Mr. GREEN. They were to pay and discharge about seven million dollars of bonds, were they not?

Mr. ROBINSON. Bonded debt; yes, sir; $7,500,000, I think.

Mr. GREEN. As a consideration of that lease?

Mr. ROBINSON. Yes, sir.

Mr. GREEN. Now, before the amount was ascertained for the purpose of declaring dividends to the stockholders of the Illinois Central in 1900, 1901, 1902, and 1903, there was deducted from the earnings of the Illinois Central 4 per cent dividends on the ten millions of capital stock of the Chicago, St. Louis & New Orleans Railroad Company?

Mr. ROBINSON. Yes, sir; what they call in their report "Leased line stock;" yes; they deducted that from their earnings.

187* Mr. GREEN. Had the Chicago, St. Louis & New Orleans ever paid a dividend before this lease?

Mr. ROBINSON. Not that anybody ever heard of in Mississippi. I do not know what they did up in New York. None of the Mississippi stockholders that I happened to know ever received any dividends on it.

Mr. GREEN. Then this 4 per cent on the stock of the Chicago, St. Louis & New Orleans is an additional dividend on the stock capitalization of the Illinois Central Railroad, is it?

Mr. ROBINSON. Well, it is in a sense; yes, sir; undoubtedly; because if they had not deducted this 4 per cent on ten million dollars they would have had an additional sum by that amount to be applied to increasing their dividends on their own stock.

Mr. GREEN. You have spoken of the sale of the stock of the Illinois Central to its own stockholders in the shape of a stock dividend. That process increased the amount of the capital stock of the Illinois Central Railroad Company upon which dividends had to be earned, and therefore rates charged as against the public, did it not?

Mr. ROBINSON. Undoubtedly. In other words, if they had
188* desired to raise ten million dollars and had elected to sell it on the open market at 140, they would only need to have sold about seven million dollars, or something—I can not run it in my mind—but in the process they did adopt, they watered the stock about three million dollars under this supposititious case. They not only by this ingenious process increased the actual dividends paid the stockholders, but they also increased the water in their stock; and, speaking of water in their stock reminds me that there is a right handsome slice—almost enough to create an overflow in the Mississippi River—I will not take the time, unless requested to do so, to verify the figures I have here, but I will state that these reports of the I. C. Road for the years I have been discussing——

Mr. GREEN. 1901 to 1903?

Mr. ROBINSON. Inclusive. Begging your pardon, that is not what I wanted to show. What I wanted to show was that, taking the I. C. people's valuation of their property, their own estimate of what it is worth, and comparing that with their issues of bonds and stocks, which should represent the true value of their property—as I say, taking their own estimate of what their property is worth, I
189* find they have an issues of stocks and bonds in excess of this value of $56,402,311, or about 32 per cent of water.

Mr. GREEN. How do you arrive at that? You take their report for the year ending June 30th, 1903, showing cost of railroad, equipment, real estate, material, and supplies, do you not?

Mr. ROBINSON. Yes, sir.

Mr. GREEN. As how much—I can refresh your memory. Is it $177,841,214? I have the figures here.

Mr. ROBINSON. The report for June 30th, 1903, shows total cost of railroad, equipment, real estate, material and supplies, and covers, I take it, all the physical properties they own, $177,841,214—always omitting cents. The issue of stock on those properties and bonds was as follows: Capital stock, $95,040,000; leased line stock, $10,000,000; total funded debt, $129,203,529, or a total issue of stock and bonds of $234,243,525, as compared with their own valuation of their property of $177,841,214.

Mr. GREEN. What per cent is that?

Mr. ROBINSON. 32 per cent.

Mr. GREEN. What do you know as to the original creation
190* of the Illinois Central Railroad? How was it originated?

Mr. ROBINSON. The Illinois Central Road proper is what is known as a land grant road. In about 1850 Congress donated to this road 2,500,000 or 2,600,000 acres of land.

Mr. GREEN. It was 2,595,000 acres.

Mr. ROBINSON. 2,595,000 acres.

Mr. GREEN. Where was that land?

Mr. ROBINSON. It is described in their reports of those days as "the rich rolling prairie lands of Illinois, with black soil extending in depth five feet, a large part of the land underlaid with coal." Gradually they sold off this land, and following the history of the road down from the time of this land grant to 1860——

Mr. GREEN. What happened to it in 1857?

Mr. ROBINSON. It was in the hands of a receiver. It became bankrupt. So that coming down to 1860, it worked out of debt; that is to say, not including its funded debt, but it had no floating debt and faced the world at that time with what they thought would be an ultimate profit of $28,000,000. Now, following the history of the road down, as shown by their own reports, from 1860 to the
191* present time—as shown by the reports and Poor's Manual, I mean—I find they have not only made the twenty-eight million profit they predicted in 1860, but they have made the entire cost of the 704 miles of original I. C. Road to Cairo, with possibly a small branch or two, from the proceeds of this land grant, and in addition to having paid their shareholders for the entire cost of their property, they put into their treasury the neat sum of eleven million dollars.

Mr. GREEN. I understand you to say, from the history of these roads taken from their reports, the public has paid for the original Central from Chicago to Cairo plus eleven million dollars?

Mr. ROBINSON. Yes, sir; when I read that, I did not wonder that Uncle Sam was depicted as the lean, long, lank, hungry-looking man that he is.

Mr. GREEN. Now, Mr. Robinson, tell me about the Gulf & Ship Island Road—what governmental favors it has received.

Mr. ROBINSON. If the Commission please, when you approach the history of the Gulf & Ship Island Road the tales of the Arabian Nights are insignificant. I mean their earnings and their
192* business and their management—not only the physical management of the property, but the legal branch has been so auspiciously and so well handled as to make their success sound like

a tale from the Arabian Nights or some other wonderful fairy story. I have only had occasion to go back two or three years in this examination of mine. To answer more fully and more concisely the attorney's question, the Gulf & Ship Island is also a land grant road. Poor old Uncle Sam gave the Gulf & Ship Island on their line between Hattiesburg and Gulfport 139,000 acres of land.

Mr. GREEN. For how many miles of road?

Mr. ROBINSON. About 70 miles. Uncle Sam gave them more land provided they would be right good and build the line within a specified time. They were not right good, and did not earn but the 139,000 acres of land.

Com'r YEOMANS. We will take an adjournment till 9 o'clock tomorrow morning.

At 4.50 o'clock p. m. the Commission adjourned until 9 o'clock a. m., December 9, 1903.

193* NEW ORLEANS, LA., *Dec. 9, 1903.—9 o'clock a. m.*

Com'r YEOMANS. Are you ready to proceed, Mr. Miller?

Mr. MILLER. Mr. Robinson is not here yet.

Mr. GREEN. If your honors please, we can continue with other witnesses until Mr. Robinson comes in.

Com'r YEOMANS. All right.

Mr. GREEN. We will recall Mr. George S. Gardiner.

GEORGE S. GARDINER, recalled.

Mr. GREEN. Mr. Gardiner, in regard to the effect of the establishment of lumber plants upon the promise of the railway companies to give tap lines, please explain to the Commission the relative conditions as to the number of persons who are interested, pro and con, in the question of these inducements.

Mr. GARDINER. Well, my understanding is that west of the river the tap-line allowances were made universal to lumber manufacturers with railroads hauling logs, and that the arrangement is a matter that there is no written agreement about—no contract or any-
194* thing of that kind. It is a voluntary arrangement on the part of the railroads to so make that rate. It was so testified to, I understand in the tap-line case. My understanding is that the only arrangement of the kind in effect with a contract on the Mobile & Ohio is of recent date, made within the past 3 or 4 years, and when the rates have been established—uniform rates—throughout this district, so far as the tariff is concerned, it occurs to me that if a railroad company wants to give a bonus for the establishment of factories it would be all right to give it out of their earnings in a general way, but to make an allowance off the tariff is a different proposition entirely for the establishment of a factory.

Mr. GREEN. The allowance of a tap-line division out of the lumber rate would be in effect to tax the lumber industry with the bonus offered by the railway company for the establishment of factories, would it not?

Mr. GARDINER. Well, yes. It gives a continuous advantage to the manufacturer who has the lower rate to the extent of the tap-line allowance.

Mr. GREEN. What would you say in regard to a bonus
195* upon a transportation rate as a transportation problem as contradistinguished from an effort on the part of a corporation to encourage industries along its line.

Mr. GARDINER. Well, I do not know that I can answer that any better than I did in the previous answer—that it operates as a reduction in the rate, and that necessarily has to be met by the manufacturer, who is a competitor in the price of his product. He must meet the rate out of what he gets for his product. I maintain that railway companies ought to compete with one another for the freight, and if there is any discrimination between districts or railroads in the freights they ought to be the same—that is, each section ought to have the same rate. Then the lumber manufacturer would know what he was competing with when he sold delivered—whether he was competing with a manufacturer of lumber or with a railroad. He can not do it unless he knows the rates, and he does not know the rates if tap lines are in effect. There is no way of telling what the tap-line division is. It is not a published rate. It may be 2 cents or
6 cents. Another thing, it may be 2 cents from the railroad
196* that is giving the tap line and it may be 2, 4, or 6 cents from other lines beyond. Now, as a matter of fact, the lines north of the Ohio River during the past 4 or 5 years—I do not know that they are doing it now—but during the past 4 or 5 years the lines north of the river have been willing to accept less than their published tariffs for shipments via their lines. They would solicit the business. If it is legitimate for the tap line to receive the first division, it is legitimate, according to their view—and I think they are right—it is legitimate for them to pay the tap line another division so as to make it 2, 4, 6, or 8 cents. You can not tell what the rates are. I maintain that the rates on lumber should be uniform and substantial. No one should have any cut rates or anything of that kind. That is my idea of the way the rates should be made on lumber. Now, railroad people get a mistaken idea frequently in regard to who should get cut rates or who should get favors in rates when those things are practiced. For instance, there is a large bill offered for some large factory or something of that kind to be constructed in
Chicago or Indianapolis, amounting to four or five hundred
197* cars. The various railroads hear of it and are soliciting that business, and they are pretty sure to make a cut rate on it to get it, because it is a large amount of lumber to move to one place. You take it with the ordinary manufacturer who is distributing his lumber throughout the country, as with us, and our experience is this year that we have over 600 customers on our books shipping a carload here and a carload to another place and a carload to another place every day. The man who gets that one shipment of five hundred cars gets a concession, and it disturbs the rates, while the man who is shipping from day to day a carload here and a carload there does not get any benefit of any concession. He could not ask for it. He could not get it if he did ask for it. I maintain that the rates ought to be low enough so that there is no particular incentive for them to cut the rates and then maintain them.

Mr. GREEN. What effect has the division of the rate by the Illinois Central and other roads with the initial or originating road upon their rates and their earnings?

Mr. GARDINER. Mr. Powell testified, as I recollect it, that the
198* rates they received on lumber were not satisfactory; that they were very much lower than we figured out the rate per ton per mile. Now, the reason of that is with that road, as I understand, it is not an originating road.

Mr. GREEN. That is the Southern?

Mr. GARDINER. That is the Southern. It is very largely that way with the Illinois Central. If they pay very large divisions to the originating line it necessarily reduces their proportion of earnings, so that it shows a small rate per ton per mile they receive for their part of the earnings. There has been competition the last few years among railroads for tonnage in this territory down here, which has operated to reduce the proportion of the intermediate line. For instance, a few years ago the highest proportion that was paid in this territory was 5 and 6 cents on lumber originating on the Northeastern Railroad going to Central Traffic Association territory. By the way of the Mobile & Ohio there was a 6-cent division, by the A. G. S., a 5-cent division allowed to the Northeastern. In the last year the divisions have reached 8 cents, so that lines north of Meridian, if the rates had not been advanced, would have shrunk 2 and 3 cents. In other words, this advance is just about taken
199* up—the 2 cents advance is just about taken up by what they allow the lines south of Meridian.

Mr. GREEN. Your idea is that if there was a reasonable division of rates made by agreement between the initial carrier and the intermediate carrier instead of a raise in the rates it would accomplish the same result?

Mr. GARDINER. Yes. I think if you take the Illinois Central and the Gulf & Ship Island together, their earnings show that there was no need for an advance in rates. They are both making very large earnings, especially the Gulf & Ship Island. It shows very large earnings and its tonnage is very largely lumber.

Com'r PROUTY. We consider the through rate, Mr. Green.

Mr. GREEN. I understand it is not a basis as to which we can complain—the divisions—but it is instructive only as to the reasonableness of the rates. It would be instructive on the proposition whether the through rate per se is reasonable or not.

Mr. GARDINER. I wish to say further that I have no objection to what the Gulf & Ship Island gets or what the Northeastern
200* gets, but I do say in the line of what Mr. Green says that if the divisions are properly made there are earnings enough for them. There are lines getting this 2 cents advance that would not need it.

Mr. GREEN. In the testimony of Mr. Powell at Atlanta he was asked by Mr. Boatright, Vol. III, page 1135, of his testimony, this question:

"How do you account for the fact that notwithstanding the increase in tonnage on lumber handled there is not a corresponding increase in the percentage of profit? How do you acount for it?

To which he replied:

"I account for it by the fact that the proportion of higher-grade traffic that we were handling in other classes increased our revenue, whereas the lumber did not bear the proper burden compared with the tonnage on lumber. Suppose we recognize that the Southern Railway

tonnage on lumber is generally 15 per cent of the total tonnage, and that under normal conditions our revenue based on that should be about 10 per cent of our total revenue. If we find that the tonnage on lumber goes up to 17 per cent and our revenue on lumber falls
201* below the same relation, then we say that other traffic is bearing a greater burden of the expense of maintaining the Southern Railway than lumber, and the proper thing is to advance the lumber rates. That was certainly the course of reasoning I followed out in this particular case."

What have you to say in respect to that?

Mr. GARDINER. I say that it is a question of divisions. That road does not originate lumber. Mr. Powell told me that they originate a very small proportion of the lumber they handle. There is 4 cents given up on lumber that moves through Cincinnati to Indianapolis. There is 4 cents given up to the originating line and 7 cents given up to the delivering line out of a 26-cent rate. That is 11 cents. That leaves 15 cents for the road. The local rate to Cincinnati is 23 cents. They get 15 cents instead of 23 cents on Indianapolis business. It comes in the proportion they get. It is not because the through rates are too low.

Mr. GREEN. What objection have the lumbermen to the present basing rates on Cairo, Cincinnati, Louisville, and Evansville?

Mr. GARDINER. We have no objection to the present arrange-
202* ment of basing rates . We are not contending for that in the least. This arrangement has been established for a great many years—16 cents to Cairo and 23 cents to Cincinnati, with lower rates to intermediate places, I mean the relative rates, 16 cents and 23 cents. They were formerly 13 cents to Cairo, and 20 cents to Cincinnati. Now, we do not object to that arrangement of basing rates. We understand that if there is a change made to Cincinnati, it brings about a great many changes—brings about changes in the rates north of the Ohio River—probably would, in the lines up there, and it would disturb rates all through the country. That is not what we are after, but we think this 2 cents advance is unreasonable and do not want it continued.

Mr. GREEN. What relation does the present advanced rate bear to the rate on other woods, for instance, cypress, from this same territory?

Mr. GARDINER. The rates on cypress from New Orleans and neighboring points to Cairo and points north, are 2 cents lower than they are on yellow pine.

Mr. GREEN. What is the relative value of the two woods?

203* Mr. GARDINER. The average value of cypress is at least six dollars a thousand higher than yellow pine—that is, at the point of manufacture.

Mr. GREEN. What have you to say as to the weight?

Mr. GARDINER. The weight is approximately the same. I think cypress is a little lighter.

Mr. GREEN. As to conditions of transportation and cars required?

Mr. GARDINER. They are just the same.

Mr. GREEN. What about cottonwood from this territory to Central Traffic Association territory?

Mr. GARDINER. Cottonwood has not been advanced, and bears, I think, a 4-cent lower rate than yellow pine.

Com'r FIFER. Has any lumber been advanced except yellow pine?

Mr. GARDINER. That is the only lumber in this territory.

Mr. GREEN. What relation does cottonwood bear as to conditions of transportation and weight to yellow pine?

Mr. GARDINER. Cottonwood is very much lighter than yellow pine and the railroad transportation is the same.

Mr. GREEN. As to value?

204* Mr. GARDINER. The value is about the same at the mill.

Com'r PROUTY. What is it used for?

Mr. GARDINER. Cottonwood is used very largely for packing boxes and the manufacture of furniture. Where it comes in competition with yellow-pine lumber is principally in packing boxes.

Mr. GREEN. Does cypress come into competition with yellow pine?

Mr. GARDINER. Yes, sir; in house building.

Mr. GREEN. And structural work.

Mr. GARDINER. Particularly in house building; not much in structural work.

Com'r YEOMANS. Is yellow pine heavier than white pine?

Mr. GARDINER. Yes, sir; about 20 per cent heavier.

Com'r FIFER. Were the rates on this other lumber the same before the advance on yellow pine?

Mr. GARDINER. The rates on cypress and yellow pine were the same before this advance. They advanced yellow pine 2 cents and did not advance cypress, and the rates on cottonwood were 2 cents lower than on yellow pine. They did not advance that and it is now 4 cents lower.

205* Mr. GREEN. Explain the relation of lumber to the transportation problem as to whether it is a competitive business or not.

Mr. GARDINER. Lumber is not a competitive business. This lumber traffic is not a competitive business. It is a local business with each railroad, except at a few junction points where it originates. Generally speaking, it is a local business with each road. What I call a competitive business is such as at New Orleans or New York or at junction points on the same commodity; for instance, on cement or on glass or on merchandise generally. Lumber originates on these roads locally, and there is no competition for it. Now, all the railroads need to do, if they want to advance rates on lumber, is to get together and agree on an advance on their lines. They can not advance the rate on a competitive commodity, because they must take into consideration what the rates are from New York or Baltimore or some other place, as was explained on steel rails at Atlanta the other day; but with lumberr, it originates locally on the road, and there is no competition. It is a local product of each road and not competitive.

206* Com'r PROUTY. Why is not lumber from your place as much competitive as steel rails from the rolling mills?

Mr. GARDINER. I said excepting at junction points.

Com'r PROUTY. Assuming your place is not a junction point?

Mr. GARDINER. Because it originates locally at that point.

Com'r PROUTY. Are there not rolling mills located, for instance, on the Baltimore & Ohio Road?

Mr. GARDINER. Yes, sir; but they are located also at the seaboard. At Pittsburg there are 25 railroads, for instance.

Com'r PROUTY. What is the reason the different roads at Pittsburg cannot get together and agree to advance the rates on steel rails the same as they can on lumber?

Mr. GARDINER. No; there is a rolling mill at the seaboard; there is a rolling mill in Chicago, and there are rolling mills at Cleveland, and there are a great many different considerations to be taken into account.

Com'r PROUTY. Well, there are other lumber plants in Arkansas and in Mississippi and in Georgia. Those rates have to be about the same as to lumber?

207* Mr. GARDINER. There is no competition in our business if I am located at an intermediate station. There is no competition for that business on the railroads. It originates locally on that road. It is not a junction point like Meridian, where there are 3 or 4 roads competing for the business. It originates locally on that road. All the roads need to do is to agree that they will uniformly advance the rates and there is no competition.

Com'r PROUTY. Your mill is at a junction point?

Mr. GARDINER. Yes, sir.

Com'r PROUTY. Suppose somebody else owns a mill that is not at a junction point, so far as the advance of this rate is concerned, what difference does it make?

Mr. GARDINER. It would not make any, but these railroads are all in this territory. If they agree to advance, they will advance from all mills.

Com'r PROUTY. Suppose the railroads from the Pacific coast to Chicago should reduce the rate on lumber that comes in to competition with you 10 cents per hundred pounds, would not that cause the lines from the South to make a reduction?

208* Mr. GARDINER. They say not. They say they do not consider it at all. Mr. Powell says they do not consider the rates on other kinds of lumber.

Com'r FIFER. Your lumber and the lumber from the Pacific coast sell in the same market in competition?

Mr. GARDINER. Yes, sir.

Com'r FIFER. They sell in the same markets?

Mr. GARDINER. At different prices.

Com'r FIFER. They compete to a certain extent?

Mr. GARDINER. Yes, sir.

Com'r YEOMANS. Is it not a fact that they have raised the rates on Pacific coast lumber?

Mr. GARDINER. No; I think the rates are the same. They have not changed lately. There is an element of water competition in a great many of the rates where they cannot be controlled, that makes them competitive rates. I simply make the point that this business originates where there is no competition, and all they must do is to agree among themselves to advance the rates and there is no competition for each other's business. The business originates on a line and belongs to it.

209* Com'r PROUTY. There is pretty sharp competition in the grain business between Chicago and New York when there is no water navigation.

Mr. GARDINER. Yes, sir.

Com'r PROUTY. Well, they can all raise that rate the same as the lumber rate.

Mr. GARDINER. I do not say it is impossible to raise the rate, but I say it is not competitive business here. Grain is competitive business and can be hauled from one railroad to another. If one railroad does not furnish the right kind of facilities, they will haul it ten miles to another. They cannot do it with lumber.

Mr. GREEN. Do the railroads in this section allow the shippers to route their freight?

Mr. GARDINER. No.

Mr. GREEN. How is it west of the river?

Mr. GARDINER. I believe they do over there.

Mr. GREEN. What is the effect of that as to the power to discriminate between east and west of the river in the rate?

Mr. GARDINER. Well, in connection with the tap-lines it gives them a chance to sell their tonnage.

Com'r PROUTY. That is to say, the owner of the tap-line
210* could get another concession?

Mr. GARDINER. Yes, sir.

Com'r PROUTY. Is it any disadvantage to you to not be allowed to route your traffic, laying that out of consideration?

Mr. GARDINER. Yes, sir; in the matter of the proper delivery and keeping track of our shipments, and following them up, and particularly where it is on long distance deliveries to New England, people down there, to whom we sell, want to sell in transit; that is, they want to sell the lumber in transit and move it from one place to another, and we are not able to do that. We are not able to follow it and give them any information.

Mr. GREEN. Your mills at Laurel are principally devoted to the manufacture of what might be called the finished product, are they not?

Mr. GARDINER. Yes, sir.

Mr. GREEN. And by reason of your facilities for business, you get a good many time orders, do you not?

Mr. GARDINER. Yes—quick shipments do you mean?

Mr. GREEN. Quick shipments.

211* Mr. GARDINER. Oh, yes.

Mr. GREEN. In that you enjoy an advantage over most mills in this territory, do you not?

Mr. GARDINER. Yes, sir; we do. We have quite an advantage in that way.

Mr. GREEN. In the efficiency of your milling equipment?

Mr. GARDINER. Yes, sir.

Mr. GREEN. That is all.

Mr. BOWERS. How much cottonwood is there in this territory, and where is it located?

Mr. GARDINER. It is located, I understand, largely along the Mississippi River and its tributaries.

Mr. BOWERS. Almost entirely along there?

Mr. GARDINER. Yes, sir.

Mr. BOWERS. Where is the cypress in this territory?

Mr. GARDINER. It is similarly situated.

Mr. BOWERS. The rates on cypress and cottonwood are all controlled or made with reference to water competition, are they not?

Mr. GARDINER. Well, I do not know about that. It would be competitive business in the sense I have talked about.

212* Mr. BOWERS. This disadvantage that the mills east of the river suffer by not being allowed to route their shipments is the disadvantage of not being able to make secret contracts with the lines north of the river for rebates, is it not?

Mr. GARDINER. No, sir; I do not think that is it. I would say that one can not lawfully do it, unless they have a tap line.

Mr. BOWERS. But do they not do it as a matter of fact?

Mr. GARDINER. No; I do not believe they do.

Mr. BOWERS. This sale of the product in transit, that is, the sale by the person that ships it after it is started, is not that intended for the purpose of manipulating the rate?

Mr. GARDINER. No. It may be done, but that is not what I wish to have understood at all. It is all handled without any regard to any rebates or anything of the kind.

Mr. BOWERS. What is the object of that sale or diversion—stopping it at one place and diverting it?

Mr. GARDINER. Well, for instance, we have a representative in New England—Barker & Co.—selling lumber through New

213* England. They have traveling salesmen out and they are selling, not only our lumber, but they sell lumber from other sources. Well, take it on regular stock—flooring and that sort of thing. They can order cars before they have sold them, so as to have them on the way, and promise prompt delivery of them. If we had the right to route the shipments, and can keep track of them and give them information where the cars are, they can promise prompt delivery to their customers. Now, that is a practice, and some roads permit it. Some roads permit the routing of lumber, and the roads that do not permit it, the shippers on those lines are at a disadvantage.

Mr. BOWERS. If you start the lumber going north without a particular destination, it finds a destination afterwards?

Mr. GARDINER. This lumber, so far as our connection with it is concerned, is absolutely sold to our representatives up there. They are a wholesale concern, and it is absolutely sold to them, and it is to facilitate the business that we would like to have that permission. Another thing; my understanding is that it is the right of the shipper, and when it is our right, I maintain that we ought

214* to have it and the railroad companies have no right to deny it to us; whether there is a dollar in it or a cent, if it is our right, we ought to have it.

Mr. BOWERS. The idea still is, so far as the diversion of shipments is concerned, you start your stuff without a definite destination and ascertain a destination for it after it is on the road, or a fictitious destination.

Mr. RUSSELL. Mr. Gardiner, have you not more than once said to Mr. Jones, the president of the Gulf & Ship Island Railroad, that he ought to have 9 cents a hundred in the division with the I. C.?

Mr. GARDINER. My recollection is that when Mr. Bullis got Mr. Jones interested in the building of this railroad, they came to us and wanted to secure our tonnage, and talked about the business they could get from the Illinois Central Railroad. I said the Illinois Central

were paying 9 cents for some business and probably they could get the same if they delivered a lot of tonnage. I said to Captain Jones the other day, as to some matters, that I did not think he was treating us right; that I did not think, for the amount of business we
215* furnished, etc., that he was treating us just right. Mr. Jones assured me that whatever we did was of no consequence to the Illinois Central Railroad; that we did not assist them in any way or form in getting the division from the Illinois Central.

Mr. RUSSELL. You told him you thought he could get 9 cents, did you not?

Mr. GARDINER. I told him I thought he could get it.

Mr. RUSSELL. Now you complain of the division?

Mr. GARDINER. No.

Mr. RUSSELL. You sold your road to the Gulf & Ship Island, I think you said, for eight thousand dollars a mile?

Mr. GARDINER. Yes, sir.

Mr. RUSSELL. And then the Gulf & Ship Island built 24 miles out of its own revenue, and you have the privilege now of operating over that line?

Mr. GARDINER. Yes, sir.

Mr. RUSSELL. You got your money back that you put into the railroad?

Mr. GARDINER. Yes, sir.

Mr. RUSSELL. Now, have not you an advantage over a man that has to build a long road that costs six or seven thousand
216* dollars a mile out 15 or 20 miles to get the timber? He has to put his money into it. Have not you an advantage over him?

Mr. GARDINER. No; I do not think we have.

Mr. RUSSELL. Suppose he wanted to get his money back——

Mr. GARDINER. Those things depend on the location, circumstances, and all that.

Mr. RUSSELL. You said yesterday that you got 6 per cent interest on your plant. Don't you think that a man who puts his money into a logging road that costs six or seven thousand dollars a mile ought to have some return?

Mr. GARDINER. When he goes into the lumber business, he probably figures on that on the whole proposition, and is entitled to it. That has not anything specially to do with the division, though.

Mr. RUSSELL. Don't you think he ought to have some return for his money?

Mr. GARDINER. Yes, of course.

Mr. RUSSELL. If he gets it in the way of a tap-line allowance, what is the difference?

217* Mr. GARDINER. I explained that the difference was that it made a concession and disturbed rates. If you want to give him a lump sum to build a mill, that is another thing.

Mr. RUSSELL. Suppose it does not disturb rates and they are equal to a market, what difference does it make to the man that does not get a tap-line allowance?

Mr. GARDINER. The rates are not equal if you give a tap-line allowance.

Mr. RUSSELL. Is the rate the same from Laurel to any point in the West through Meridian over the Mobile & Ohio or through Jackson over the I. C.?

Mr. GARDINER. So far as I know, they are all uniform; yes, sir.

Mr. RUSSELL. That is all.

Mr. GREEN. There is one question I want to ask, and that is as to whether the larger cypress sections in this country are not in the delta country in Mississippi and in the northern portion of Louisiana through which the Illinois Central runs and through which the Yazoo & Mississippi Valley runs, and not on the Mississippi River?

218* Mr. GARDINER. That is my understanding of it, that they are not directly on the Mississippi River, but they are back a way from the Mississippi River.

Mr. GREEN. In what is called the delta region?

Mr. GARDINER. The delta region of Mississippi and Louisiana.

Com'r PROUTY. Could logs be taken down to the Mississippi by these tributaries?

Mr. GARDINER. It is hardly practicable. The logs are heavy and they sink, and there is a swift current, and I understand there have never been any mills operated successfully on the Mississippi River.

Com'r PROUTY. Do you know whether this cypress and cottonwood is actually transported by water?

Mr. GARDINER. I think a small quantity, but it has no effect on the transportation, as I understand it. It practically all moves by rail.

Mr. GREEN. Is the transportation of lumber north on the Mississippi River a practical factor in the situation, or have the railroads run the steamboats out of that business?

Mr. GARDINER. I think the steamboats are all out of the business, practically. I understand there is no through line to St. Louis.

219* The only steamboats running on the lower Mississippi now are those that make short runs—local packets.

Mr. BAXTER. Is it not true that the rates the Illinois Central Railroad made on cypress and cottonwood were made because of competition of steamboats at the time, and if they were raised, would not the steamboat competition return?

Mr. GARDINER. I do not know what the reason was for making them, but they were exactly the same as yellow pine. Now, as to the steamboat competition coming back again, I hardly think it would on the 2 cents advance.

Mr. BAXTER. Don't the steamboats take it up in large quantities now?

Mr. GARDINER. I do not believe they do. My understanding is that they do not. My information is not very definite on that.

Mr. BAXTER. Do I understand that the tap-line divisions are allowed in Arkansas and Texas and are bona fide divisions between those lines, or are they in reality simply rebates made by the roads over there? What is your position or contention in regard to that?

220* Mr. GARDINER. Well, my position is this, that they are not bona fide divisions with railroads. In the first place, they are frequently given over there where there is no railroad organization at all, as testified to in the tap-line case in St. Louis. They are merely given as a reduction in the rate—to reduce the rate.

Mr. BAXTER. Virtually a secret rebate?

Mr. GARDINER. It amounts to a secret rebate. That is what it amounts to, because the shipper in competition does not know what

that division is. It may be changed from day to day, and these changes are not reported to the Commission, as I understand.

Mr. BAXTER. Now, the published legal rates of the lines west of the Mississippi River have been met by the lines on this side—the east side?

Mr. GARDINER. Yes, sir.

Mr. BAXTER. They charge the same?

Mr. GARDINER. Yes, sir.

Mr. BAXTER. Now, is it your contention that the lines east of the river ought to meet those secret rebates given west of the river?

Mr. GARDINER. These rates were secret, so far as shippers on
221* other lines were concerned. The railroads on this side knew all the time that these divisions were being given. I say "all the time"—they have known it for years. I maintain that if the railroads west of the river, for an equal haul, find it profitable to haul lumber on the rates, less the divisions they are giving out of them, the railroads on this side should haul for the same, because the costs are not any more. They ought to haul the lumber for just the same.

Mr. BAXTER. Then it is your contention, if I understand you, that the published lawful rates of the lines east of the river should meet the secret rebates allowed west of the river?

Mr. GARDINER. The secret rebate is a universal rate, a reduction over there, because they all get it, and my contention is that the rates on this side should be the same as the rates they actually get.

Mr. BAXTER. If the tap-line divisions are universally allowed over there so as to amount, in your opinion, to a permanent and real reduction of the rate—say, from 16 cents to 13 cents—why is it, if that is true, that the roads west of the river do not publish the actual
222* rates? What sense is there in keeping published rates which they do not profess to get?

Mr. GARDINER. The only answer I can make to that is the reply that was made by one of the traffic officials in the St. Louis case, that the mill men prefer to have it this way.

Com'r PROUTY. The divisions are not uniform. They run all the way from two cents to five cents.

Mr. GREEN. On the Missouri Pacific I think they give tap lines one way and not the other.

Mr. BAXTER. If those tap lines are not uniform—if they vary to different people and in different directions—how is it possible for the lines east of the river to publish any uniform rates in competition with such rates as those? How are we over here going to meet secret concessions varying between different persons and varying when the traffic is moved in different directions on the west side of the river?

Mr. GARDINER. I think Mr. Harahan expressed it in a talk he had with one of the officials of the lines competing here that were giving tap lines—if they did not withdraw them he would put the rates so low——

223* Mr. BAXTER. As to force the lines west of the river to put their rates to a point where there is nothing in them and carry the traffic for nothing?

Mr. GARDINER. I say this: What I contend is that the rates should be uniform from all places, that there should be no advantage to one or the other. I contend that it is the railroad's business to make

a uniform rate. We have entered suit against the railroads west of the river to have those tap lines declared illegal.

Mr. BAXTER. You have a suit?

Mr. GARDINER. Yes, sir; before the Interstate Commerce Commission.

Mr. BAXTER. But the lines east of the river have no power to prevent the lines west of the river from allowing these tap-line divisions, have they?

Mr. GARDINER. Not unless they do as Mr. Harahan suggests—put the rates so low.

Mr. BAXTER. The only suggestion you can make is the one to keep cutting our rates down to meet their secret rebates and a larger secret rebate if they make it?

Mr. GARDINER. Well, I do not know as I would say how the
224* railroads should do it. I say the rates ought to be uniform. I do not say how the railroads are going to do it, because I do not know myself.

Mr. BAXTER. You said several times awhile ago that the lumber business was not competitive business. Why is it necessary, then, that the rates on all lumber from all territory to the territory of consumption should be uniform unless it is because your lumber is competitive?

Mr. GARDINER. Lumber is competitive. When we sell the lumber in the markets in this central territory it is a competitive business. We have all got to sell practically at the same price, but as an originating proposition for the railroads I maintain it is not competitive business. For instance, cotton or grain growing on a farm can be hauled to the Illinois Central or the Northeastern Railroad, but lumber must be shipped from the place it originates at; it cannot be hauled away, and it is not competitive business the same as the business that originates in New Orleans is competitive business. If you take it on a commodity that originates here, for instance, anything imported into this country, it may be imported through New
225* York, or through Baltimore, or through Mobile. Now, in making rates to Chicago or the interior on that commodity, they cannot agree here among themselves whether they will advance the rate or reduce the rate or change the rate. They must take into consideration what the rates are from other seaboard towns to the interior on the same commodity. That is what I call a competitive commodity. Lumber originates on a line and cannot be moved from that line in any other way than by the railroad that serves it. It is a local commodity on that road.

Mr. BAXTER. Does not the long leaf yellow pine, manufactured in Georgia, Alabama, Mississippi, Arkansas, and Texas, meet some competition in the territory north of the Ohio from lumber coming from the northern States—pine and hemlock—and from the Pacific coast?

Mr. GARDINER. Yes, sir.

Mr. BAXTER. Then, must not the rates from this southern territory on long leaf pine be adjusted so as to enable that pine to be sold in that territory in competition with these other lumbers?

Mr. GARDINER. That is what we have maintained all along—that the rates from that territory should be taken into
226* consideration in making rates from this territory.

Mr. BAXTER. Then, that is because lumber is competitive?

Mr. GARDINER. It is competitive in that market, yes. There is no question about that.

Mr. BAXTER. Let us go back to where we were. You said that a mill like yours, located at a junction, as I understood you, did occupy a competitive position, but that a mill located, say, 50 miles from any junction point, did not?

Mr. GARDINER. In a limited sense, yes, sir.

Mr. BAXTER. Are not all these rates from Mississippi territory blanket rates, so as to give the mill 50 miles from the junction point precisely the same rate as the mill at the junction point?

Mr. GARDINER. Yes, sir.

Mr. BAXTER. Is not that because the mill 50 miles from the junction is competitive with yours and must have the same rate or go out of business?

Mr. GARDINER. Yes, sir; you are perfectly right about that. That is a different proposition, however, from a competitive rate from a competitive place like New Orleans or New York, or a com-

227* modity that originates in those places.

Mr. BAXTER. Is not this whole territory in Mississippi and Alabama competitive with every other place that produces lumber anywhere in the United States?

Mr. GARDINER. I do not see it that way, so far as originating tonnage is concerned. Two roads running parallel, if they produce all the lumber made in the South, simply have to agree among themselves to maintain a rate and make any rate they have a mind to. They do not take into consideration anything else except their own ideas as to what the rates shall be.

Mr. BAXTER. For instance, they can charge you a dollar a pound on your lumber if they want to?

Mr. GARDINER. Yes, sir.

Mr. BAXTER. What would you do north of the Ohio River when you got it over there selling against other parts of the country?

Mr. GARDINER. I would have to sacrifice the excessive railroad charge.

Mr. BAXTER. If they charged you one dollar a pound, you could not sell it?

Mr. GARDINER. No, sir.

228* Mr. BAXTER. Is it not to their interest to give you a rate that you can sell on?

Mr. GARDINER. It should be.

Mr. BAXTER. Now, I want to ask you something about the division. As I understand, you complain because the Southern Railway and the Illinois Central Railway accept lower divisions out of the through rates on lumber from this territory to the territory on and north of the Ohio River than they ought; that they allow these originating lines down here to exact too high a proportion and also allow the lines north of the Ohio River too much. Is that your contention?

Mr. GARDINER. I do not say north of the Ohio River.

Commissioner PROUTY. I do not understand him to complain of that. He says that the Illinois Central ought not to say my rates are unduly low, if they give an undue part to the Gulf & Ship Island.

Mr. GARDINER. I said here yesterday that I do not complain as to how much the Gulf & Ship Island gets or how much money Captain

Jones makes with his railroad. I say they have no right to
229* advance the rates and take it out of the shipper if they are making plenty of money together and if their divisions are not properly adjusted.

Mr. BAXTER. Now, as a representative of the Southern Railway and the Illinois Central Railroad, I would like to get the benefit of your practical knowledge as to how they can increase their proportions as against the originating lines and the lines north of the river. They do not accept low proportions because they prefer to do so, do they?

Mr. GARDINER. Well, this business, as I understand, so far as the proportions the originating lines get south are concerned, the divisions have been increased from time to time because of the competition of one railroad with another for the business. For instance, the Northeastern was allowing the Gulf & Ship Island 4 cents division until the Illinois Central made a division of 7 cents. Well, if the Southern Railway, in connection with the Northeastern, got any from the Gulf & Ship Island, they had to increase the division from 4 cents to 7, which they did, and a large part of that increase—I think all the increase—came out of the lines north of Meridian. Now, that is competition between the lines.

230* Mr. BAXTER. Is it your proposition to stifle that competition?

Mr. GARDINER. I say that the result of that has been that the lines north of Meridian, the intermediate lines, now ask the shippers to pay an increased rate, so that they can get as much as they did formerly for carrying the business.

Mr. BAXTER. My understanding is that the railroads require the shippers to pay a certain rate without regard to how that rate is divided between the different lines. Is it anything to you, if you pay 16 cents from here to Cairo, whether the Illinois Central gets all of it or not?

Mr. GARDINER. They have increased the rate so that they can pay it.

Mr. BAXTER. If the rate was reduced, would not the divisions remain the same?

Mr. GARDINER. The divisions have been increased the last year or two years.

Mr. BAXTER. Whose part of the divisions have been increased?

Mr. GARDINER. The lines south of Meridian have been increased and the lines north have received less.

231* Mr. BAXTER. Was that before this advance of 2 cents?

Mr. GARDINER. Part of it was. I think they discovered they were not getting enough and that is the reason they did make the advance.

Mr. BAXTER. Who discovered it?

Mr. GARDINER. The intermediate lines.

Mr. BAXTER. Which ones?

Mr. GARDINER. The Southern, the A. G. S., the Illinois Central, and the lines that take the business from the originating line, and the Mobile & Ohio?

Mr. BAXTER. Is it your contention that through rates ought to be divided according to mileage?

Mr. GARDINER. Oh, no.

Mr. BAXTER. Then, how would you divide these through rates? If you had power to make the divisions, how would you make them?

Mr. GARDINER. I do not know how I would do it. I say it is wrong to increase the divisions so that it makes an unsatisfactory rate for the intermediate line and they have to charge it to the shipper. That is what it amounts to.

232* Mr. BOWERS. Did I understand you to say that the proportions of the lines south of Meridian had been increased the last two years?

Mr. GARDINER. Yes, sir.

Mr. BOWERS. Have the Gulf & Ship Island divisions with the Illinois Central been increased the last two years?

Mr. GARDINER. Not that I know of.

Mr. BOWERS. These increases you spoke of having resulted since the advance in the rate are a small fraction——

Mr. GARDINER. No, I think they are considerable.

Mr. BOWERS. Where does this lumber move principally—to Central Traffic Association territory?

Mr. GARDINER. Very largely.

Mr. BOWERS. About what percentage goes there?

Mr. GARDINER. About 80 per cent of our shipments.

Mr. BOWERS. That is true of the whole shipments from this territory, is it?

Mr. GARDINER. I presume so.

Mr. BOWERS. What proportion of it goes west of the Mississippi River?

Mr. GARDINER. Not a very large proportion; not over 5 per cent, I suppose.

233* Mr. BOWERS. Is not the increase that these roads south of Meridian enjoy by reason of the increase of rates confined entirely to the lumber that goes west of the Mississippi River?

Mr. GARDINER. No, sir.

Mr. BOWERS. To what other points do they enjoy it?

Mr. GARDINER. Central Traffic Association territory.

Mr. BOWERS. Does either the Northeastern or the Gulf & Ship Island receive any part of the increase to the Central Traffic Association territory?

Mr. GARDINER. Yes, sir.

Mr. BOWERS. How do they receive it?

Mr. GARDINER. In divisions.

Mr. BOWERS. Is it not a fact that both those roads pay arbitraries on everything to Central Traffic Association territory?

Mr. GARDINER. Not since this advance—do you refer to the time since this advance?

Mr. BOWERS. Yes, sir.

Mr. GARDINER. Oh, no.

234* Mr. BOWERS. Their share in this increase, this 2 cents under consideration, has been confined to lumber that goes west of the Mississippi River, has it not?

Mr. GARDINER. I do not know about that; I presume that is right.

Mr. RUSSELL. Is the Gulf & Ship Island receiving the same proportion it always received from the Northeastern—6 cents per hundred pounds?

Mr. GARDINER. Oh, no.

Mr. RUSSELL. What is it receiving?

Mr. GARDINER. It was receiving 4 and is getting 6 now.

Mr. RUSSELL. That is since they got through Jackson?

Mr. GARDINER. Yes, sir.

Mr. RUSSELL. What proportion does the Mobile & Ohio pay the Northeastern—6 cents per hundred pounds?

Mr. GARDINER. On local business?

Mr. RUSSELL. On lumber going to this section of the country.

Mr. GARDINER. I do not know; they did formerly.

Mr. RUSSELL. Has it not been the same for years?

Mr. GARDINER. I understand it has been.

Mr. RUSSELL. Then the 2 cents increase is to the roads north of Meridian and Jackson?

Mr. GARDINER. Yes, sir.

235* Mr. RUSSELL. The initial line does not receive any share of this increase?

Mr. GARDINER. I think not.

Mr. RUSSELL. That is all.

Mr. CATCHINGS. Are there not some considerable lumber mills at Cairo?

Mr. GARDINER. They manufacture considerable cottonwood there.

Mr. CATCHINGS. And there is a good deal of cottonwood manufactured at Memphis, is there not?

Mr. GARDINER. I believe so.

Mr. CATCHINGS. You said you were not aware that any lumber moved up the Mississippi River. Is it not a fact that a large quantity of cottonwood is taken to Memphis and Cairo by barge?

Mr. GARDINER. Possibly to Memphis.

Mr. CATCHINGS. I came down the river some years ago and we were constantly passing tow boats pulling barges loaded with this wood. I made some inquiry and was told that they were being taken to the mills at Memphis. So it is a fact that the Mississippi River does compete with the railroads in fixing rates on that character of lumber?

236* Mr. GARDINER. In my answer awhile ago, I referred to this southern part where the cypress largely originates, and there, I think, there is very little competition of the river with the railroads.

Mr. CATCHINGS. That would apply particularly to the Illinois Central?

Mr. GARDINER. Yes, sir.

Mr. CATCHINGS. The Southern does not reach the Mississippi River until it gets to Greenville?

Mr. GARDINER. Yes, sir. My answer a little while ago to that would apply particularly to the Illinois Central. I do not know what the rates on the Southern are on cypress and cottonwood. They may have advanced them and may not, but I referred particularly to the Illinois Central.

Mr. CATCHINGS. I understand you to say that if the railroads chose to pay a lump sum to secure the establishment of a mill, you would not object to that, but that the compensation in the way of a division of rates was what you objected to. What is the substantial difference

between the two? Suppose a railroad would say to you, if you
237* build a saw mill and build a railroad out into the timber to bring the logs to us, we will pay you so much for every log, or we will help you build your tramway or your mill, or we will help you to buy your timber—what is the difference?

Mr. GARDINER. There is a very great difference. In the first place, if you pay a lump sum, it is out of the earnings on all kinds of traffic—everything handled over the road; in the second place, it would reduce the rate on that particular commodity to the extent of the division, and if the rate was unsatisfactory they would advance the rate and still have it high enough to pay a division.

Mr. CATCHINGS. I confess I do not see what difference it makes to the stockholders of the railroad or the lumbermen. If they make a donation of a lump sum, it is taken out of the treasury. That is derived from the revenue on the traffic. If they make a diminution on a particular commodity, that is a reduction. It is that much money that would otherwise go into the treasury. In other words, the stockholders suffer the same loss and the lumberman makes the same profit in one case as the other.

238* Mr. GARDINER. No, sir; the stockholders do not suffer the same loss, because if the railroad companies discover that in paying these divisions the earnings on lumber are too small, they immediately advance the rate on lumber and all shippers of lumber have to pay the advanced rate for the benefit of the man who got the rebate.

Mr. CATCHINGS. That is all.

Mr. MILLER. Mr. Gardiner, coming back to this tap-line question, I would like to ask if it is not your idea that one test of the reasonableness of a rate is what is charged for a similar service by railroads in other territories?

Mr. GARDINER. I should think that would be a very reasonable one.

Mr. MILLER. Well, now, I would like to ask you whether or not it is your idea that the through rate charged by the roads west of the river is the published rate, less the tap-line allowance given to the mills on the pretense of making a division with a participating carrier?

Mr. GARDINER. Yes, sir; my idea is that the real rate is the published rate, less the average tap-line paid.

239* Mr. MILLER. Is or is not 2 cents per hundred pounds over there the minimum?

Mr. GARDINER. My understanding is that 2 cents is the minimum. It runs as high as 6 cents.

Mr. MILLER. Is it or not your understanding that the shippers in that territory who do not get that division, so called, are very few?

Mr. GARDINER. Yes, sir; there are some, I understand, who do not get it, but they are very few. I would like to say that I have several documents I would like to file. One of them is in reply to a question of Commissioner Prouty.

(The same are hereto annexed and marked "Exhibits Nos. 4 to 13, inclusive, to Mr. Gardiner's testimony.")

Mr. MILLER. Is it not a fact that the Illinois Central and other lines running beyond Cairo take the lumber from those western roads and make divisions, with the full knowledge on their part of this pretended division paid by them as initial carriers?

Mr. GARDINER. Yes, sir.

Com'r PROUTY. Do you understand that the Illinois Central
240* ever receives anything less than its full proportion beyond the river? In other words, does the Illinois Central participate in tap-line divisions?

Mr. GARDINER. Only in this way: For instance, from points on the V. S. & P. Railroad, where they have tap-line divisions, the Illinois Central and Mobile & Ohio make joint rates with the V. S. & P. on which tap lines are paid coming through Jackson. They have to make a large enough division with the V. S. & P. to permit them to pay that tap line.

Com'r PROUTY. I understood Mr. Miller's question was confined to roads west of the Mississippi River?

Mr. GARDINER. The V. S. & P. is west of the river.

Mr. MILLER. I think it was developed at St. Louis that the V. S. & P. did not give divisions to tap lines, but only lines that originated the lumber.

Mr. GARDINER. I think they do; at Cairo and St. Louis the Illinois Central and Mobile & Ohio get their proportion from the place.

Com'r PROUTY. I understand Mr. Gardiner's position something like this: He says if the roads west of the river can actually afford to haul that lumber for so many cents, which would be 2, 3, 4, or 5
241* cents less than the published rates, that shows that the roads east of the river can afford to haul it for that.

Mr. MILLER. That is the idea. We wanted to receive the real rates received in other territory.

Com'r PROUTY. He has brought another suit to have that practice declared unlawful.

Mr. GARDINER. You, I believe, asked whether there was any movement of lumber from this territory west of the Mississippi River and what proportion went east. I have the clearing-house reports of the Southern Lumber Manufacturers' Association for the year 1902, and for the months of this year down to November.

Com'r PROUTY. What is the clearing house of the Southern Lumber Manufacturers' Association?

Mr. GARDINER. The clearing house is a department of the Southern Lumber Manufacturers' Association that compiles statistics of the movement of lumber.

Com'r PROUTY. You might file those.

Mr. GARDINER. I have filed them. You asked yesterday whether the rates from Texas had been reduced to Cairo. I have the
242* tariffs here showing that the Texas rates of the M. K. & T. and the Kansas City Southern to St. Louis are the same now as those from Arkansas, 18 cents, and they were formerly 2 cents higher; so they did not advance their rates over there.

Com'r FIFER. From all Texas points?

Mr. GARDINER. All points on the M. K. & T. and Kansas City Southern.

Com'r PROUTY. They have an advantage of 2 cents over you at St. Louis now?

Mr. GARDINER. They have an advantage over us at St. Louis of 2 cents and they get in there at the same rate the Arkansas roads do, which permits them to ship through St. Louis to all eastern points in

Central Traffic Association territory at the same rate that we get into Central Traffic Association territory.

Com'r PROUTY. Their rates to St. Louis would be 2 cents less than to Cairo?

Mr. GARDINER. I say the rate through St. Louis for the Texas and Louisiana mills now to Central Traffic Association territory are the same as from this territory. It was formerly 2 cents higher.

243* Com'r PROUTY. Are the rates from that territory the same through St. Louis that your rates are through Cairo?

Mr. GARDINER. Yes, sir; the roads east of the Mississippi River equalize the rates through St. Louis and Cairo. I presume their rate to Cairo is the same as it is from Arkansas to Cairo. I am not informed on that, but I presume they make the same rate to Cairo as the Arkansas lines. I know they do to St. Louis. That would make the same rate to Central Traffc Association territory as obtains from the Arkansas territory.

Com'r PROUTY. I had an impression that the Texas rates were higher.

Mr. GARDINER. Now, they are the same.

Mr. RUSSELL. Is the through rate from Texas the same?

Mr. GARDINER. Yes, sir; the through rate based on St. Louis would be the same from Texas as from here.

Com'r FIFER. The only advantage the mills west of the river have over you are these tap-line allowances?

Mr. GARDINER. That is the only advantage, and 2 cents at St. Louis proper.

Mr. RUSSELL. Has there not been a difference for some years between St. Louis and East St. Louis?

244* Mr. GARDINER. Yes, sir.

Mr. RUSSELL. The increase of rates makes no difference?

Mr. GARDINER. No, sir.

Com'r PROUTY. As I understand your testimony, while they go into all your territory east of the Mississippi River, you do not get into all of their territory west of the river?

Mr. GARDINER. You are correct in that statement. The Missouri Pacific will not make joint rates with the lines east of the river. That road originates a very large part of the lumber in Arkansas and Louisiana. The same applies to the Santa Fe. They will not make joint rates with the lines east.

Mr. RUSSELL. The C. B. & Q. will make rates from local points?

Mr. GARDINER. Yes, sir; they make them from the other side, but they do not originate any lumber.

Mr. RUSSELL. They allow you to go into that territory?

Mr. GARDINER. Certainly.

Mr. MILLER. Is there any difference between the value of stumpage near the railways and remote from the railways to which these logging railways run?

245* Mr. GARDINER. Well, generally, yes, sir; as a matter of fact it is worth more to a manufacturer to have his timber near a railroad than to have it remote.

Mr. MILLER. That is not the point. The question is whether or not the persons who build these logging roads into the interior do so because they get cheaper stumpage than if located nearer the railroad.

Mr. GARDINER. For the past 7 or 8 years there has been quite a marked difference. The difference at the present time is not as great as it was 4 or 5 years ago. Four or five years ago there was a good deal of difference between the price of timber in large tracts remote from the railroad and that near the railroad; at the present time there is some difference, but not so much.

Mr. MILLER. When were those railroads built that Mr. Russell speaks of hauling logs into the Mobile & Ohio?

Mr. GARDINER. One was bulit inside of the last 3 years—the one that gets the largest division. It was built within 3 or 4 years.

Mr. MILLER. When were the others built?

Mr. GARDINER. A number of years ago. I do not know.

Mr. MILLER. That is all.

The witness was excused.

246* C. W. ROBINSON, recalled.

Mr. ROBINSON. I would like to correct one or two statements I made yesterday. I testified that my company handled annually twelve million feet. I should have said twenty-four million feet per annum. I testified that the land grant to the Gulf & Ship Island Road between Gulfport and Hattiesburg was 139,000 acres. I find it was 159,000 acres. I testified that the $12,116,824 used by the I. C. from their income account during the years 1901, 1902, and 1903 was charged to operating expenses. I was mistaken in that. It was taken out of the income and improved the property, both the market value of the stock and the ease of operation of the road, but was not made part of the operating expenses.

Mr. GREEN. What difference did it make as to whether it was charged as a book-keeping proposition to operating expenses or deducted from the income?

Mr. ROBINSON. The shipper paid the tax in either event.

247* Mr. GREEN. We were considering at the adjournment hour yesterday matters of the Gulf & Ship Island R. R. Co. and you had testified that it was a land-grant road and had been the beneficiary, as you now state, of 159,000 acres of Government land. What was the character of that land as to timber, as to whether it had any yellow pine timber or not?

Mr. ROBINSON. In the main, it was virgin yellow pine timber. I will explain that "virgin timber" in this section of the country means unboxed, or unterpentined timber.

Mr. GREEN. Was it what might be called first-class timber or not?

Mr. ROBINSON. With the exception of about 20,000 acres near Gulfport, it was among the choice timber of south Mississippi.

Mr. GREEN. About what would be the average stumpage of this grant?

Mr. ROBINSON. Do you mean the present value?

Mr. GREEN. Well, yes; the average stumpage value at the present time.

Mr. ROBINSON. Three dollars per thousand.

Mr. GREEN. What would it cut?

Mr. ROBINSON. It would avergae 10,000 feet, I think, to the acre.

248* Mr. GREEN. What is the amount of the capital stock of the Gulf & Ship Island Railroad?

Mr. ROBINSON. $10,000,000.

Mr. GREEN. Of the stock?

Mr. ROBINSON. No; five millions of stock.

Mr. GREEN. How much of bonds?

Mr. ROBINSON. Five millions of bonds.

Mr. GREEN. You spoke of being an engineer. Are you familiar with the cost of the construction of railroads?

Mr. ROBINSON. Somewhat familiar. I do not claim to be an expert.

Mr. GREEN. That has been your business in times past, the construction of railroads, has it not?

Mr. ROBINSON. Yes, sir.

Mr. GREEN. You know what it costs per mile to construct a railroad, do you?

Mr. ROBINSON. Well, approximately; that is, if the physical features are not more difficult than in south Mississippi.

Mr. GREEN. You are familiar with the territory through which the Gulf & Ship Island is constructed?

249* Mr. ROBINSON. Yes, sir.

Mr. GREEN. What is the value and cost of construction of the Gulf & Ship Island Railroad?

Mr. ROBINSON. Well, sir; I charge—and I believe if the investigation is pushed far enough it will be demonstrated—that their bonded debt of about twenty thousand dollars per mile, together with the proceeds of their land grant and what they have charged to construction account from their net earnings, covers the entire cost of the property; or, to put it in other words, that the twenty thousand dollars per mile of stock issued is an entire gratuity to the owners of the property.

Mr. GREEN. In other words, it was built from the proceeds of the bonds and the land grant, was it?

Mr. ROBINSON. Yes, sir; together with some lesser amounts they have used from their net earnings.

Mr. GREEN. About how much net earnings have they thus used as capital?

Mr. ROBINSON. That I cannot answer—not to exceed two thousand dollars per mile, I should say.

Mr. GREEN. How long have they been operating?

250* Mr. ROBINSON. They began operating betwen Gulfport and Hattiesburg—I cannot say; cannot remember.

Mr. GREEN. Well, within the last 3 or 4 years?

Mr. ROBINSON. No; I think they began operating between Gulfport and Hattiesburg in 1895.

Mr. GREEN. When did they begin operating between Hattiesburg and Jackson?

Mr. ROBINSON. In 1897.

Mr. GREEN. What was the cost, if you know, of the construction of the first 20 miles from Gulfport, how much per mile?

Mr. ROBINSON. I am somewhat more familiar with the cost of that particular section than I am with the cost of other sections. In fact, I found that I had some figures as to the cost of that 20 miles. The first 20 miles north from Gulfport cost $230,000, or at the rate of $11,500 per mile. This, however, did not include adequate equipment. My memory is that they had only one or two locomotives and a few cars for construction purposes. This section of the road

was built by what is known as the Union Investment Company, a corporation under the laws of the State of Mississippi, a corporation
that was formed for the sole and express purpose of construct-
251* ing the Gulf & Ship Island Road. A contract was made with this Union Investment Company to build and equip the road from Gulfport to Hattiesburg for the stock and bonds of the road at the rate of twenty thousand dollars per mile of each. The Gulf & Ship Island people received of this stock of the Union Investment Company $175,000. The construction company in their contract with the G. & S. I. stipulated that they should have the right to build the entire road to Jackson and also to build and equip any of the branches that the road might determine to build. Just what was done after the first 20 miles was built and the road passed into the hands of its present owners, I do not know, but I do know that the country through which it is built is a slightly undulating country, and that the road was built on a cheap plan; that is to say, that ran heavy grades, thus avoiding excessive excavation and excessive filling. I think that to-day between Hattiesburg and Gulfport the maximum number of cars that their best locomotives can take to the train is either 16 or 18. I do not see how it could possibly have cost even twenty thousand dollars per mile under any honest and fairly economical construction account.

Mr. GREEN. North of Hattiesburg what physical difficulties to construction, if any, are there, and what is the topography
252* of the country?

Mr. ROBINSON. The topography of the country north of Hattiesburg is even more favorable than that existing on the line between Hattiesburg and Gulfport, in that they follow the water courses, running up the valleys of said water courses and only occasionally crossing a water shed.

Mr. GREEN. Are there any rivers of any note to cross and any expense of bridge construction?

Mr. ROBINSON. They cross no very large rivers. I believe the Pearl River is the only river they cross that is navigable, and it is only navigable about 30 days in the year.

Mr. GREEN. Well, the Pearl River is a small, insignificant stream, really not navigable at all, except theoretically?

Mr. ROBINSON. That is pretty nearly true.

Mr. GREEN. That is, where the Gulf & Ship Island crosses it?

Mr. ROBINSON. Yes, sir.

Mr. GREEN. Now, as to the earnings of the Gulf & Ship Island Railroad Company during 1901, 1902, and 1903?

Mr. ROBINSON. I found in my study that a certain firm of
253* bankers in New York, who, I believe, are the fiscal agents of the Gulf & Ship Island Road had compiled a condensed statement from their reports, so I will use in my testimony their compilation. The bankers to whom I refer are Messrs. Fiske & Robinson, bankers, at 35 Cedar street, New York. Under date of November 10, 1903, they write in reference to the earnings of this road as follows:

"We would particularly call your attention to the comparative income account of this road and have you note the increase of almost 70 per cent in gross earnings and over 260 per cent in net earnings during the past two years. Last year this road earned more than

three times its fixed charges and almost 9 per cent on its five million dollars capital stock."

Com'r PROUTY. What was the purpose of the issue of that circular? To sell the stock?

Mr. ROBINSON. Just a moment. I will refer to the letter and refresh my recollection of it.

Com'r PROUTY. This railroad makes some return to the Interstate Commerce Commission, does it not?

Mr. GREEN. In lieu of those, the reports to the Mississippi State commission were agreed upon, and those reports are here.

254* Mr. BOWERS. The facts are that we made the same reports to the State railroad commission that we made to this Commision. We had only one office copy, which was on a blank furnished by the Mississippi commission and which is the same blank as is furnished to this Commission, so, in furnishing these gentlemen a copy, it read "Mississippi State commision."

Mr. GREEN. On that statement we will stipulate in the report made to the Commision.

Mr. BOWERS. I think that report will show that Mr. Robinson is in error as to his figures on the bonded debt.

Mr. ROBINSON. I have a little more testimony not furnished by Fiske & Robinson on the point in question, from a book entitled "Industrial Mississippi," by E. Walker, published under the direction of the Gulf & Ship Island Road.

Com'r PROUTY. This is a publication by the road itself?

Mr. ROBINSON. Under the auspices of the road.

Mr. BOWERS. What is the style of the book?

Mr. ROBINSON. "Industrial Mississippi," by E. Walker.

Com'r FIFER. What is the object of the book?

255* Mr. ROBINSON. It appears to be to boom the Gulf & Ship Island Road, to boom Gulfport, to boom southeastern Mississippi—a kind of a "boom book."

Mr. BOWERS. Will you let me see the book?

Mr. ROBINSON. It will afford me pleasure [handing book to Mr. Bowers]. Do I understand the Commission to say they do not want to hear from the book?

Com'r PROUTY. If you have any declaration of this road, of course, that is admissible.

Mr. ROBINSON. This is a book published by a gentleman who came from New York under the direction and auspices and patronage of the Gulf & Ship Island Road.

Mr. BOWERS. Suppose we let the book speak for itself. It says: "Industrial Mississippi, by E. Walker." I do not see that it says "Under the auspices of the Gulf & Ship Island Road." Will you mind telling us what information you have as to its being promulgated under the auspices of the Gulf & Ship Island?

Mr. ROBINSON. Not at all. The gentlemen who compiled the information were guests in a tolerably large measure of the Gulf & Ship Island Road. They came to the various towns along the

256* line of the Gulf & Ship Island, from which towns they got contributions, representing themselves as in a measure at least representing the Gulf & Ship Island Road. That is to say, the Gulf & Ship Island Road fathered this project. It was for the interest of

the Gulf & Ship Island Road, for the interest of the towns along that road, etc. In that respect the book was published under the auspices of the Gulf & Ship Island.

Mr. BOWERS. That is the only information you have as to that?

Mr. ROBINSON. Yes, sir.

Mr. BOWERS. Were these representations made to you personally?

Mr. ROBINSON. Well, I was present at a meeting where the representations were made. I cannot say they were addressed to me personally. They were addressed to the assembly, of which I was one.

Com'r YEOMANS. The Commission do not think that is proper as evidence.

Com'r PROUTY. You are familiar with that country down there yourself, Mr. Robinson, and you can tell the Commission what the nature of that country is and what the nature of the road is.

257* Mr. ROBINSON. I assumed that these facts set forth in this book and the circular of the fiscal agents of the Gulf & Ship Island were true, and I did not myself go into a study of their reports, assuming that these letters and this book were stating facts.

Com'r PROUTY. The reports made by this road under oath to the Interstate Commerce Commission and the State commission show what the present financial status is. It may be well to know what it is worth when this lumber is cut off.

Mr. MILLER. Mr. Bowers did not read this on the back of the book: "Industrial Mississippi with special reference to the Gulf & Ship Island Railroad."

Mr. ROBINSON. As I understand, their reports, as shown by these letters and the book, indicate that about one-half their traffic is traffic other than lumber.

Mr. BOWERS. I understood the Commission to exclude the book.

Com'r PROUTY. Their reports will show that.

Mr. ROBINSON. If the Commission please, as a matter of fact, and I might say as a matter of notorious fact, east Mississippi from

258* an agricultural standpoint is improving year by year. There is a gradual, steady, substantial growth of its agricultural interests and its manufacturing interests. I challenge contradiction when I assert that just now, this year, east Mississippi is as prosperous agriculturally as any part of the Southern States, not excepting Texas. I do know that the experimental farm at McNeill, Miss., established by the State of Mississippi and without excessive fertilization, has produced cotton at more than one bale per acre of 480 pounds—lint cotton. I do know that farms in Hancock County have this year produced as much as 400 pounds of lint cotton to the acre without excessive fertilization. I do know that the soil of all this country, generally speaking, is a loose sandy loam, underlaid with a clay subsoil, and in my opinion whenever east Mississippi is filled up with a class of agriculturists, who always follow the denuding of the land, that understand their business, it will yield to any road penetrating it as large a business as is yielded year by year in any other section of the South.

Com'r PROUTY. Are these lands being brought under cultivation as the timber is cut off?

Mr. ROBINSON. Very slowly and in a rude way.

259* Com'r PROUTY. What is the land worth when the timber is cut off?

Mr. ROBINSON. Depending on location and position, it is selling at two dollars to ten dollars an acre.

Com'r PROUTY. How long, from your knowledge of the situation, is it likely to be before the timber tributary to the Gulf & Ship Island will be so far exhausted that its traffic will begin to fall off?

Mr. ROBINSON. Its traffic from timber?

Com'r PROUTY. From timber.

Mr. ROBINSON. I should think that no perceptible decrease should be found earlier than ten years. I would like to say that the development of this country has been retarded by the intense activity in the lumber industry—that is to say, the farmer is not able to get labor. The greater inducements and the higher wages paid by the mills and other industrial enterprises have prevented the agricultural development of the country.

Com'r FIFER. Do you think the general traffic interests of the road will decline gradually after ten years, or that some other traffic will take the place of lumber?

260* Mr. ROBINSON. My opinion is that agriculture will take the place of the lumber traffic. I am very firm in that faith. I have lived in east Mississippi about 22 years, and really the development of east Mississippi the past 22 years, from an agricultural standpoint, I am speaking, is almost marvelous.

Mr. GREEN. Mr. Robinson, what is the ratio of operating expenses and taxes to gross earnings for 1901, 1902, and 1903 of the Gulf & Ship Island Railroad Company?

Mr. ROBINSON. Well, as I explained to the Commission, my study of the Gulf & Ship Island was made from the book and letters of their fiscal agents, which have been excluded by the Commission. I have not studied their reports, as I assumed the facts stated in these publications were true.

Mr. GREEN. Has not that book been generally circulated throughout that country?

Mr. ROBINSON. Yes, sir.

Mr. GREEN. Have you ever heard the authenticity of that book questioned as the production of the Gulf & Ship Island?

Mr. ROBINSON. I do not charge that it is directly the production of the Gulf & Ship Island Road, but only that they are its stepfather, possibly.

Mr. GREEN. Who circulated it?

261* Mr. ROBINSON. Well, I really do not know. This came to me through the mail, unsolicited. I think I contributed a small sum to the people getting it up.

Com'r PROUTY. Have you from any source a condensed statement of what the earnings of the Gulf & Ship Island Railroad have been the last 2 years—the net earnings?

Mr. ROBINSON. Yes, sir.

Mr. BOWERS. They are there in the reports to the Commission.

Com'r PROUTY. If he has it in condensed form he may give it.

Mr. ROBINSON. The increase in gross earnings?

Com'r PROUTY. The increase or the earnings themselves.

Mr. ROBINSON. From 1901 to 1902 the gross earnings increased $343,835, or 33.3 per centum; from 1902 to 1903, $335,000, or 24.4 per centum.

Mr. GREEN. That was the previous year?

Mr. ROBINSON. Yes, sir. In the former period, from 1901 to 1902, the net earnings increased $198,881, or 84.5 per centum, and in the last year, 1902 to 1903, $205,000, or 47.2 per centum.

Mr. GREEN. Now, as to the operating expenses and taxes to the gross earnings.

262* Mr. ROBINSON. The operating expenses in 1903 were very low, if my memory serves me—I have not the data before me—it was about 62 per cent.

Mr. GREEN. What was it in 1902?

Mr. ROBINSON. Prior to that it ran 66 and 67—along in there—but they were constantly during the preceding years improving the physical condition of the property.

Mr. GREEN. This was deducted from operating expenses, was it?

Mr. ROBINSON. The improvement of the property formed part of the operating expenses.

Mr. GREEN. In the hearing at Atlanta, Mr. Culp, the vice-president of the Southern, testified that the Southern Railway was one of the originators of this advance, or, if they did their duty, they were. What is the relative character of the Southern Railway as a revenue-earning road as compared with the Illinois Central Road?

Mr. ROBINSON. The Illinois Central operates very largely through the undulating country of Mississippi and across the prairies of Illinois, crossing no mountain ranges, and may be operated on low

263* grades and easy curves. In short, the physical conditions are exceptionally good for the cheap operation of such a railroad. The Southern Railway, on the contrary, operates in, among, and across the mountains. It was originally composed in a very large measure of bankrupt roads that have been facetiously described as "two streaks of rust across the mountains." Necessarily, then, in order to earn a fair dividend and to pay the increased operating expenses of such a road as the Southern, it needs more revenue and a higher rate than the roads enjoying the natural advantages of running across and over a level country. Mr. Culp's testimony in Atlanta as to operating expenses of the Southern Road, as compared with their gross earnings, was that they were "just about 72 per cent;" I am using his language. I have had the young man in my office figure from the 9th annual report of the Southern Road, and I find for the year in question that the operating expenses, as compared with gross income, were 73.16 per cent, as compared with about 66 per cent on the I. C. Road for the same year.

Mr. GREEN. And what per cent on the Gulf & Ship Island?

Mr. ROBINSON. 62 per cent on the Gulf & Ship Island. So

264* that if the Southern Railway had been able to operate its property as cheaply as did the I. C. its net earnings during the year would have been increased $3,035,460. With such an increase, I think even Mr. Culp would have hesitated to have suggested that they needed more rev'nue.

Mr. GREEN. As to the advantage of a north and south railroad, like the Illinois Central, and an east and west railroad, like the Southern, in this southern country as a revenue producer, what have you to say?

Mr. ROBINSON. I do not know that I understand that question.

(The question was repeated by the stenographer.)

Mr. ROBINSON. I do not know that I quite comprehend your question.

Mr. GREEN. Are the commodities on the ends of the north and south roads, for instance, from Chicago or New Orleans, of the same character or is the interchange of traffic from the east a source of constant traffic?

Mr. ROBINSON. I should say the north and south roads have an advantage in that the South gets its grain, its feed stuffs, and its meats altogether from the section North and Nortwest. It gets its lighter merchandise, in a measure at least—its shoes from Boston, its
265* cotton and woolen goods from New England and New York; but the volume of business interchanged between the South and the Central West, in my opinion, is many times greater than the volume of business interchanged between the South and the East.

Mr. GREEN. What return cargoes to the southern country would there be from points like Norfolk, Baltimore, and Savannah coming to the West by the Southern Road?

Mr. ROBINSON. I know of none.

Mr. GREEN. Now, as to the Mobile & Ohio Railroad Company, did the Mobile & Ohio Railroad Company before its acquisition by the Southern ever pay a dividend on its capital stock?

Mr. ROBINSON. During my residence in Mississippi of 22 years it paid one dividend. If my memory serves me right, it was 1 per cent.

Mr. GREEN. When was that?

Mr. ROBINSON. In 1898.

Mr. GREEN. That was when our friend, Mr. Russell, was president, was it not?

Mr. ROBINSON. Yes, sir.

Mr. GREEN. Now, by reason of your position in the bank at
266* Meridian, were you or not familiar with the financial condition of the Mobile & Ohio Railroad Company?

Mr. ROBINSON. Yes, sir; more or less.

Mr. GREEN. What was the financial condition of the Mobile & Ohio prior to its acquisition by the Southern?

Mr. ROBINSON. You mean as to the amount of bonds and stock?

Mr. GREEN. Its capacity to earn a dividend on its capital stock?

Mr. ROBINSON. I have not available at this time figures indicating the funded and stock debt of the road. My judgment is that during the period after the reconstruction days, up to the time that this property changed hands, there had been a slow, steady, and certain improvement in the physical condition of the property. It was getting every year in better condition to earn dividends, and it is my sincere belief that had it remained under its old management its earnings during the past two years would have sufficed to have enabled it to pay dividends. I am informed that the earnings of the Mobile & Ohio Road during the past two years have been a source of profit to the Southern Road.

Mr. RUSSELL. Who informed you—if you have correct information?

Mr. ROBINSON. I will refer the gentleman to the 9th annual
267* report of the Southern Road.

Com'r PROUTY. Does the Southern lease the Mobile & Ohio, or control it some other way?

Mr. ROBINSON. It is one of those propositions that the lay mind can not quite grasp.

Mr. GREEN. There is no dispute but what the Mobile & Ohio is controlled by the Southern, is there, Mr. Russell?

Mr. RUSSELL. None whatever. It is an independent corporation though.

Mr. GREEN. And the Southern, when it got the property, issued its trust certificates, on which it agreed to pay a 4 per cent dividend?

Mr. RUSSELL. That is a fact. It paid 2, 3, and 4 per cent in 3 years.

Mr. GREEN. It was on a sliding scale. We can agree on a stipulation as to that.

Mr. RUSSELL. Yes, sir.

Mr. GREEN. They agreed the first year to pay 2, then 3, and then 4 per cent dividends on these certificates of stock which were issued in lieu of the four millions of Mobile & Ohio stock, and the Southern took bonds of the Mobile & Ohio and issued its debentures instead?

268* Mr. RUSSELL. Yes, sir.

Mr. GREEN. And it is part of the railway system, and the stock is controlled and owned by the Southern Railway?

Mr. RUSSELL. Yes, sir.

Mr. GREEN. The Southern Railway, then, as I understand, is now paying 4 per cent dividends on the stock under the consolidation of the two roads, and up to the time of the consolidation the Mobile & Ohio had never paid but 1 per cent dividend, and that was under Mr. Russell's administration in 1898.

Mr. RUSSELL. I want to state that the question about the issue of the original stock and all the bonds of the Mobile & Ohio was thoroughly investigated in a suit between the State of Tennessee and the Mobile & Ohio Railroad Company, and it is reported in the United States Supreme Court reports.

Mr. GREEN. The matter was inquired into by this Commission in the Advanced Grain Rate case, to which the Mobile and Ohio and the Southern were parties, and, with your permission, we will stipulate into the record the testimony in the Advanced Grain Rate case decided by this Commission in April of this year.

Com'r PROUTY. I do not think it is in there. I think

269* that incidentally we referred to the Mobile & Ohio.

Mr. RUSSELL. I want to state that there was no watered stock in the Mobile & Ohio. The issue of stock and bonds honestly represent the cost of the property.

Mr. GREEN. The original cost of the property?

Com'r PROUTY. This was touched upon incidentally in the Aberdeen Group case, which has not been decided by the Commission.

Mr. GREEN. Mr. Russell, to save time, what was the cost of the original construction of the Mobile & Ohio carried on its books?

Mr. RUSSELL. $22,000 a mile.

Mr. GREEN. Was the stock issued on that basis?

Mr. RUSSELL. That and the bonds together.

Mr. GREEN. That original road was destroyed during the war?

Mr. RUSSELL. Yes, sir; and had to be rebuilt.

Mr. GREEN. Was the rebuilding charged to this construction account?

Mr. RUSSELL. That is part of this twenty-two thousand dollars.

270* Mr. GREEN. As I understand, the original construction was destroyed during the war, except the roadbed?

Mr. RUSSELL. Yes, sir.

Mr. GREEN. Subsequent to the war it was reconstructed and the road in its reconstructed condition is what you give on a basis of value of twenty-two thousand dollars per mile?

Mr. RUSSELL. I think that is about the sum.

Com'r PROUTY. Those facts were referred to in the rate advance case as an illustration of the capitalization of some roads, but the facts do not appear in that case. They appear in the Aberdeen case. Do you refer to the Aberdeen case?

Com'r FIFER. Why not stipulate the evidence in the Aberdeen case into this case?

Mr. GREEN. We have no objection.

Mr. RUSSELL. I will give you a statement of the amount of stock and amount of bonds and all that.

Mr. GREEN. It will save the examination of railway officials here on this question. We are perfectly willing to rest on that record and the opinion of the Commission. I know the Commission sifts everything to the bottom. We will be willing to stipulate that into the record to save time.

271* Com'r PROUTY. If you want to make any inquiry in addition of the Mobile & Ohio, you may do so.

Mr. GREEN. In that connection, Mr. Russell, kindly separate in the cost of construction the original cost of construction and the subsequent cost of construction and the relation the stock bears to the original cost of construction.

Com'r PROUTY. He can not do that.

Mr. ROBINSON. Referring to my contention that people of a certain region should not be deprived of their natural advantages by artificial means—that is to say, that the people of the Mississippi Valley having a natural advantage should not be deprived of that natural advantage by artificial means—so that the Southern Road, operating in and among the mountains of Georgia and the Carolinas may earn what they think a reasonable percentum on their investment; and that all roads do not observe this blanket rate, even on lumber, will appear from a letter which I now read and ask to file as part of my testimony.

Mr. GREEN. Does that refer to higher rates from Georgia?

Mr. ROBINSON. It refers to the fact that they do not carry the same rates from Alabama that the roads from Arkansas carry. The letter is as follows:

272* "Please refer to your letter, Sept. 16th. I referred this matter to our G. F. A. for his decision, and he advises me that the present rate on yellow pine lumber, carload, from all of our stations south of Montgomery and Selma, including Cates, Ala., to St. Louis, Mo., is 22 cts. per 100 lbs. The rate from stations on the M. & O., N. O. & N. E., G. & S. I., and I. C. is 20 cts. We have never undertaken to carry as low rates on yellow pine lumber as from stations on the roads named. We believe the rate of 22 cts. to St. Louis is properly in line with the rates we publish to other points, and I regret that we can not meet your views and reduce the rate to 20 cts.

"Yours, truly,
O. H. BARTLETTE,
"*G. A.*"

(The above letter is hereto annexed and marked "Exhibit No. 2, to Mr. Robinson's testimony.")

Mr. ROBINSON. So that from my mill located on the L. & N., I have to pay 22 cents into St. Louis, while the Arkansas mills get in there on a rate of 18 cents.

Com'r PROUTY. What do you pay to Cairo?

Mr. ROBINSON. From an L. & N. point?

273* Com'r PROUTY. Yes.

Mr. ROBINSON. I have never had occasion to ship there. My recollection is that the rate is 18 cents.

Com'r PROUTY. Two cents higher?

Mr. ROBINSON. Yes.

Mr. GREEN. Mr. Robinson, what tap lines are there on the M. & O. Railroad that get divisions, and how owned?

Mr. RUSSELL. I will furnish that.

Mr. GREEN. Do you know, Mr. Robinson?

Mr. ROBINSON. Three or four lines. I think most of them have been chartered since this contention began, or about the time it did begin. Prior to that I understand they were just ordinary logging roads that the mills had.

Mr. BREEN. What tap line divisions are there? What mills have they?

Mr. ROBINSON. Well, there is the mill at Quitman—the Mississippi Lumber Company.

Com'r PROUTY. Do you know the amounts of these divisions, Mr. Robinson?

Mr. ROBINSON. I only know from the admissions of the Mobile & Ohio.

274* Com'r PROUTY. It is hardly worth while to take time with that.

Mr. GREEN. What have you to say in regard to the relative rates upon coal, cement, pig iron, and other similar commodities as compared with lumber?

Mr. ROBINSON. Notwithstanding the contention of the traffic managers that these articles are not substantially similar articles, I can not believe they are right. Yellow pine lumber is loaded largely in open cars, coal is loaded in open cars, pig iron is loaded in open cars. All these articles are loaded and unloaded by the shipper. They are all of low value per ton at the originating point. They are all very slightly liable to damage. There is very little danger of damage from transportation. Why they are not for these reasons like commodities I have never been able to see. Now, when it comes to the comparative rates, I find the following facts to be true: First, as to the value of these commodities figured out in tons of 2,000 pounds: Coal at mines in Birmingham district, $1.60 per ton; cement at factory in Alabama, $5.00 per ton; cement at New Orleans, $8.75 per ton; pig iron, Birmingham district, $9.00 per ton;

275* average value of yellow pine lumber at mill, $6.67 per ton.

Mr. GREEN. That is the average value of your lumber at the mill?

Mr. ROBINSON. As nearly as I can obtain it; yes, sir.

Mr. GREEN. Now, what comparative rates do these commodities take. For instance, from Meridian, Miss., to Chicago, what is the distance and what is the rate?

Mr. ROBINSON. From Meridian, Miss., to Chicago, on lumber the rate is 26 cents. The distance from Meridian to Chicago, figured

by what I think is the shortest line, is 795 miles. A ton of lumber costs to transport to Chicago $5.20, or 6.54 mills per ton per mile.

Mr. GREEN. Take cement from New Orleans to Chicago, giving the distance and the rate per ton.

Mr. ROBINSON. To transport 2,000 pounds of cement from New Orleans to Chicago, a distance of 922 miles, costs $2.60, or 2.82 mills per ton per mile.

Mr. GREEN. Then under existing rates, what does it cost to transport coal from Birmingham, Ala., and what is the distance?

Mr. ROBINSON. The distance from New Orleans to Birming-
276* ham, measured by the short line, is 349 miles. To transport 2,000 pounds of coal to New Orleans it costs $1.25, or 3.60 mills per ton per mile. The same rate applies to pig iron from Birmingham to New Orleans as applies on coal.

Mr. GREEN. Is there any water transportation from Birmingham to New Orleans or from Meridian to Chicago?

Mr. ROBINSON. Not that any of the citizens have ever discovered or availed themselves of.

Com'r PROUTY. Does that coal from Birmingham come into competition with Pittsburg coal at New Orleans?

Mr. ROBINSON. Yes, sir. The position of a president of one of the Southern roads is that a railroad, like an individual, is very foolish to undertake a business that it knows is a losing business, and I think he is right. In other words, why should they transport coal at a loss to compete with Pittsburg coal at New Orleans, making up that loss by their rates on other traffic.

Com'r PROUTY. Do you think $1.25 is too low a rate?

Mr. ROBINSON. That is my inference.

Com'r PROUTY. And that they can not afford to transport coal from Birmingham to New Orleans for $1.25?

277* Mr. ROBINSON. If they can afford to do it for that, they can afford to transport back a like commodity at the same rate.

Mr. RUSSELL. They bring that coal down to get cars to carry your lumber.

Mr. ROBINSON. They say, we have got to give a low rate on the coal to get cars down to the lumbermen and to the coal men they say, we give a low rate to get cars to you. They haul coal to New Orleans at $1.25 per ton because of competition with Pittsburg coal. My contention is that they had better let that alone rather than do it at a loss and tax us to average up their earnings.

Com'r FIFER. The answer the railroads make to that is that their fixed charges are the same, whether they carry this low grade freight or not and that they had better carry it than to quit that traffic entirely, but that if they carried freight generally at the same rates they would make no money at all.

Mr. ROBINSON. The answer to that is that this low rate on cement from here to Chicago and this low rate on coal does not more than suffice to pay the cost of hauling it, eliminating their fixed charges entirely.

278* Com'r PROUTY. You do not know any thing about that, do you?

Mr. ROBINSON. Well, I do not know in one sense of the word, but I do know from my general knowledge of the cost of hauling. I dare-

say there is not a traffic manager here who will say they come out more than even on hauling coal down here at $1.25, and the same as to hauling cement from here to Chicago on a 13-cent rate.

Com'r PROUTY. Did you ever figure up the cost of moving a carload of cement from here to Chicago?

Mr. ROBINSON. That is an impossible thing.

Com'r PROUTY. I am not speaking of dividing the cost between maintenance of track, fixed charges, etc., but it is comparatively easy to say what it would cost to haul a train load to Chicago if you had the track there, etc. Did you ever figure that?

Mr. ROBINSON. Not on cement, but I have on other commodities in order to get the rate per ton per mile, and I must say I do not think they can pay operating expenses, and I do not believe any traffic manager here will disagree with me.

279* Com'r PROUTY. Then, why does the Illinois Central make that rate?

Mr. ROBINSON. God knows; Ido not. It figures down to 2.8 mills per ton per mile. I have never heard a traffic manager or a general freight agent claim that they could handle business on so low a rate.

Mr. GREEN. Responding to the suggestion that the coal cars were brought from Birmingham to New Orleans for return hauls, is it not a fact that the coal car equipment of the roads out of Birmingham are in the main special cars that are not designed for any other purpose than coal and are not gondolas?

Mr. ROBINSON. No, sir; I could hardly say that was a fact. They have a percentage of what they call "dump" coal cars or gondolas, but so far as the Northeastern road is concerned, my understanding is that they use such cars only for their own coal.

Mr. GREEN. How about the equipment of the Alabama Great Southern as to coal?

Mr. ROBINSON. I really am not familiar with that "dump" car business.

280* Mr. GREEN. What does it cost per car to equip a flat car with stakes, etc., for hauling lumber?

Mr. ROBINSON. I do not think there is any doubt but what it costs a mill man to equip open cars in the manner required by the Master Car Builders' Association's rules, including the freight on the lumber used in equipment, not less than five dollars per car. I think this figure is a conservative and safe figure.

Mr. GREEN. What have you to say as to the value of stumpage in Mississippi on and off the railroad?

Mr. ROBINSON. Judging by my own experience, average stumpage land that will cut an average number of thousand feet per acre on the railroads is now worth $3 per thousand. By being worth that much, I mean it sells for that much. I have paid that much for it myself.

Mr. GREEN. Recently?

Mr. ROBINSON. Recently; within a year. Small bodies running from one to five thousand acres of average timber lands can be bought at a distance of from 8 to 14 miles from the railroads at a cost of a dollar stumpage per acre, and this value for such stumpage, I think, would govern as to all the territory save for the factor of

the speculator or investor, who has come down and bought
281* large bodies and in some instances declines to put them on the market at any price.

Mr. GREEN. You manufacture sills, siding, and structural material?

Mr. ROBINSON. Yes, sir; and recently I have gone into what is called piece stuff. I was forced into it.

Mr. GREEN. State whether or not you are able to meet the competition in regard to the sale of sills, siding, etc., and whether you were offered a large amount of business you could not accept on account of the price?

Mr. ROBINSON. Yes, sir; I could have sold in Chicago recently—I am trying to remember when I was up there; I think it was October—something like a million feet of car material if I had felt that I could cut it at the price offered me.

Mr. GREEN. If this rate had not been on would such a price control?

Mr. ROBINSON. I should have taken the order if the old rate had been on.

Mr. GREEN. What is your experience as to the number of damage claims for the transportation of lumber?

282* Mr. ROBINSON. So far as the experience of my own company is concerned, there may have been one or two little claims, but I do not really remember a single claim where lumber was damaged. Occasionally they lose a car. It goes astray and turns up perhaps in Colorado when it should have gone to Massachusetts, and they pay for such cars. I know of one instance when they paid me for a full car. The lumber was not damaged. It was a mistake of the agent in misbilling it. I do not recall a single thing I have got for lumber in a wreck. It may be that I have received a small sum.

Mr. GREEN. How long have you been in business.

Mr. ROBINSON. Since 1897.

Mr. GREEN. That is all.

Mr. BOWERS. Mr. Robinson, the Gulf & Ship Island Railroad—the construction of that road began about 1885 or 1886, did it not?

Mr. ROBINSON. Yes, sir.

Mr. BOWERS. That was the construction began by the Union Investment Company, was it not?

Mr. ROBINSON. They did that construction; whether they did more, I do not know.

Mr. BOWERS. The construction I refer to was in 1885 or
283* 1886.

Mr. ROBINSON. Yes, sir.

Mr. BOWERS. They built about 20 miles?

Mr. ROBINSON. Yes, sir.

Mr. BOWERS. And that is the road on which you gave the figures this morning?

Mr. ROBINSON. Yes, sir.

Mr. BOWERS. Where did you get those figures?

Mr. ROBINSON. I can not answer that question in any way, except by referring to personal matters. At one time my name was being considered as receiver of the Gulf & Ship Island Road. I was not made receiver. Another gentleman was made receiver. At that time figures were given me and reports submitted that I filed away

and when this case began I dug them up. Those figures at that time, I think, were given me by the then president of the road, Captain Hardy, or it may have been by Mr. Hamilton—some gentleman connected with the road gave the information.

Mr. BOWERS. The Union Investment Company failed sometime in the year 1886, did it not?

Mr. ROBINSON. I really do not know.

284* Mr. BOWERS. The construction stopped in 1886 with about 20 miles of iron laid, did it not?

Mr. ROBINSON. Yes, sir.

Mr. BOWERS. And nothing more was done on that road until along in 1895—is that not true—the latter part of 1895 or early in 1896?

Mr. ROBINSON. Yes, sir; my memory on dates is very bad. I think that is true.

Mr. BOWERS. Did not the 20 miles of road first built have to be reconstructed entirely?

Mr. ROBINSON. I think not.

Mr. BOWERS. Do you know that the cuts caved in and buried the rails and that that was used as a dirt road and people drove over it?

Mr. ROBINSON. No, sir; not so far as relates to the 20 miles on which the track was laid.

Mr. BOWERS. Do you know whether it is true or not?

Mr. ROBINSON. No, sir.

Mr. BOWERS. I drove over part of it myself. Now, what company did finally build the Gulf & Ship Island Road?

Mr. ROBINSON. I do not know.

285* Mr. BOWERS. Don't you know it was done by the Bradford Construction Company?

Mr. ROBINSON. No, sir; I do not know.

Mr. BOWERS. The distance from Hattiesburg to Gulfport is 70 miles, is it not?

Mr. ROBINSON. Yes, sir.

Mr. BOWERS. That part of the road was built in 1896, being completed and put into operation the first of January, 1897?

Mr. ROBINSON. Yes, sir. That is with the exception of the 20 miles that was previously built.

Mr. BOWERS. What is the distance from Hattiesburg to Jackson—something over 90 miles, is it not?

Mr. ROBINSON. 90 miles and a fraction, I think.

Mr. BOWERS. The Laurel branch is 41 miles and the Lumberton branch 49 miles, are they not?

Mr. ROBINSON. I believe so.

Mr. BOWERS. Those branches were built about the same time the road was completed from Hattiesburg to Jackson, were they not?

Mr. ROBINSON. Yes, sir; substantially the same period.

286* Mr. BOWERS. And the great jump of some 80 per cent increase in earnings was brought about by the increased mileage of the road, was it not?

Mr. ROBINSON. Possibly so.

Mr. BOWERS. Do you know anything about the amount of money the Gulf & Ship Island Railroad realized from the sale of the lands it got from the Government?

Mr. ROBINSON. No, sir.

Mr. BOWERS. You do know that they were sold very shortly after the first 70 miles were completed, do you not?

Mr. ROBINSON. Not all of them.

Mr. BOWERS. Did not they put practically all those lands on the market and dispose of them to the mill men for the purpose of creating traffic and opening up the country as soon as they built the road?

Mr. ROBINSON. It is true the lands were put on the market as soon as the road was completed.

Mr. BOWERS. That was in 1897?

Mr. ROBINSON. In 1897.

Mr. BOWERS. Would it surprise you——

Mr. ROBINSON. I beg pardon. I am not through answering your other question. It is not true that they were all sold immedi-
287* ately. I think it is true that part of the lands so sold shared in the advanced value of timber lands in that section.

Mr. BOWERS. Is it not a fact that all these lands, or practically all of them, with the exception of a few thousand acres, were sold before the construction from Hattiesburg to Jackson was undertaken?

Mr. ROBINSON. I think that is true; yes, sir.

Mr. BOWERS. Would it surprise you to learn that the average price received for those lands was somewhere between two and two dollars and a half an acre?

Mr. ROBINSON. In 1897?

Mr. BOWERS. Yes, sir.

Mr. ROBINSON. Yes, sir; it would rather surprise me.

Mr. BOWERS. What is your estimate as to what the road received for those lands based on your knowledge of conditions at that time? What would you estimate that they got for them?

Mr. ROBINSON. I would have estimated it on the basis of 50 cents per thousand stumpage. My recollection is that Mr. Bullis, who was at that time general manager, told me that that was about what they were realizing.

Mr. BOWERS. You estimate 10,000 feet per acre as a fair
288* stumpage on the lands the G. & S. I. got from the Government?

Mr. ROBINSON. With the exception of the 20,000 acres near Gulfport.

Mr. BOWERS. Those were entirely denuded, were they not?

Mr. ROBINSON. Practically; yes, sir.

Mr. BOWERS. Had not the whole tract been trespassed on by squatters and timbermen prior to their acquisition by the road?

Mr. ROBINSON. Not more so than other Government lands.

Mr. BOWERS. I understood you to state on direct examination that the bonded debt of the Gulf & Ship Island Railroad was $5,000,000.

Mr. ROBINSON. From the information furnished me by their fiscal agent; yes, sir.

Mr. BOWERS. You mean the bonds had been issued, or the bonds authorized by the charter?

Mr. ROBINSON. When the I. C. state in their annual report that the funded debt is $95,000,000, I have a right to suppose that that is the actual debt incurred and for which they have received the money?

Mr. BOWERS. It is something over four million dollars.

289* Mr. ROBINSON. The fiscal agents state five million dollars. Whether they have disposed of the bonds, I do not know.

Mr. BOWERS. Do you know anything about whether the bonds have ever been issued or not—whether they constitute a charge or debt against the road?

Mr. ROBINSON. Well, some bonds on the Gulf & Ship Island have been issued. I think we handled some on one occasion, if I mistake not.

Mr. BOWERS. Does your familiarity with the fiscal affairs of that road extend to a knowledge of the fact that the bonds you speak of having handled were all called in and a new issue made and the debt refunded in the recent past?

Mr. ROBINSON. I believe I did hear that they were called in.

Mr. BOWERS. Refer to that report and see what the exact amount of bonds issued is. [Handing report to witness.]

Mr. ROBINSON. [Reading from report.] Capital stock, total outstanding, $5,000,000; bonds, $4,607,000; equipment trust obligations, $3,382.17, or a total of $9,610,382.17. I beg the gentleman's pardon. I see that I missed the figures about $285,000.

290* Mr. BOWERS. What is your source of information as to the length of train that can be handled on that road?

Mr. ROBINSON. Observation and talk with gentlemen who live on that road.

Mr. BOWERS. Talk with railroad officials?

Mr. ROBINSON. No; mill men.

Mr. BOWERS. Do you know anything of the character of the motive power and equipment—the character of their locomotives, whether they are modern?

Mr. ROBINSON. Some of them are modern.

Mr. BOWERS. Is not a very large per cent of the freight equipment of that road, so far as the locomotives are concerned, new modern engines?

Mr. ROBINSON. I really do not know. I suppose that is true.

Mr. BOWERS. Do you know anything about the per cent of grades on that road—what the per cent is?

Mr. ROBINSON. I do not know, but I should say from looking at the grades with my eye that their maximum grade is probably a foot to the hundred.

Mr. BOWERS. Do you know anything of any large expendi-
291* tures by the Gulf & Ship Island Railroad in the recent past as the proceeds of the refunding of the bonds issued?

Mr. ROBINSON. No, sir.

Mr. BOWERS. Don't you know that that railroad obtained out of the new issue of bonds two and three-quarters million dollars and put it on the road?

Mr. ROBINSON. No, sir; I have no knowledge of that.

Mr. BOWERS. Don't you know they have spent over one million six hundred thousand dollars in digging a channel in the harbor at Gulfport?

Mr. ROBINSON. No, sir. I know they are digging there, but they did not advise me what they spent.

Mr. BOWERS. Don't you know they spent a large amount of money in that work?

Mr. ROBINSON. I think they have sunk a large sum of money.

Mr. Bowers. What proportion of the lumber moving from Mississippi points goes into Central Traffic Association territory?

Mr. Robinson. From Gulf and Ship Island points?

Mr. Bowers. Yes, sir.

Mr. Robinson. I do not know.

292* Mr. Bowers. Is it not a fact that about 80 per cent of the Mississippi movement goes to Central Traffic Association territory?

Mr. Robinson. I think so.

Mr. Bowers. Is it not a fact that the movement west of the Mississippi River from this territory at Memphis is about 5 per cent of the lumber movement from the Mississippi territory altogether?

Mr. Robinson. I suppose so.

Mr. Bowers. Is it not a fact that the Gulf & Ship Island Railroad have no part whatever in this 2 cents advance, except to the points west of the Mississippi River, where the movement is 5 per cent?

Mr. Robinson. A friend of mine so told me, and I think he is right.

Mr. Bowers. That is your understanding?

Mr. Robinson. Yes, sir.

Mr. Bowers. So the share that this abnormally profitable railroad gets from this increase is a small division on 5 per cent of the movement?

Mr. Robinson. It may be, my friend, that the division they were getting prior to this advance was out of all proportion. Now,

293* for instance, early in your construction period when you had reached Hattiesburg, if my memory serves me, I saw divisions by which you were allowed by the Northeastern 3 cents, and in some cases 4 cents, to some points. I dare say the L. & N. allowed you the same. Now, you have built to Jackson and have another bidder for your business. The I. C. being the highest bidder, you sell your traffic to the I. C. road. That is to say, the I. C. road gets, for hauling the lumber of a mill man who has a mill on your road 5 miles out of Jackson, 19 cents to Chicago, while it gets for hauling the lumber of a man who has a mill 5 miles out of Jackson on its own line, 26 cents. I take it that it is a reasonable inquiry for the man on the line of the I. C., 5 miles out of Jackson, to make when he says: "If you can afford to carry it for the Gulf & Ship Island for 19 cents, why can not you afford to carry it for me for 19 cents? It is true that as compared with the Gulf & Ship Island I am a very small shipper, but the American idea is, or has been, that the small shipper stands on a parity with the large shipper."

Mr. Bowers. Don't you know, as a matter of common knowledge, that the Gulf & Ship Island extended its line to Jackson be-

294* cause of what it understood to be the unjust divisions and inadequate divisions that were given it when it had no outlet but the Northeastern?

Mr. Robinson. No, sir; I do not know that.

Mr. Bowers. Don't you know that prior to the building of the road the Gulf & Ship Island approached the Illinois Central and wanted to know what inducement they would offer if the G. & S. I. would extend their road to Jackson and thus turn over to them this large tonnage, and as an inducement to building the road the I. C. offered them a time contract?

Mr. Robinson. No, sir; I do not.

Mr. BOWERS. Speaking of the McNeill experiment station, don't you know that the McNeill experiment station is a money-losing operation and not a money-making operation?

Mr. ROBINSON. I am advised that all those things are losing propositions.

Mr. BOWERS. Don't the State of Mississippi make an annual appropriation to keep it up?

Mr. ROBINSON. Yes, sir.

Mr. BOWERS. And don't the Government of the United States also appropriate money for it?

Mr. ROBINSON. I think not.

Mr. BOWERS. Don't you know the McNeill station snares an
295* appropriation of the United States Government?

Mr. ROBINSON. I was not advised of that.

Mr. BOWERS. What farmers in Hancock County are raising cotton?

Mr. ROBINSON. You mean by name?

Mr. BOWERS. Yes, sir.

Mr. ROBINSON. It would be impossible to name them all. I will refer you to J. W. Turner of Carriere.

Mr. BOWERS. He is planting cotton now?

Mr. ROBINSON. Not now; it is not the season.

Mr. BOWERS. Is he engaged in planting cotton in that county?

Mr. ROBINSON. Yes, sir; there is a gin at his place. I would suggest to the gentleman, as soon as his duties at Washington will permit, that he make a study of Southeastern Mississippi from an agricultural standpoint.

Mr. BOWERS. Have you recently sold any cut-over lands?

Mr. ROBINSON. I have recently bargained some; I have not sold them.

Mr. BOWERS. At what price?

Mr. ROBINSON. Three dollars an acre, I think.

296* Mr. BOWERS. Do you know any others as cheap as three dollars an acre, cut-over lands?

Mr. ROBINSON. Not that I recall now.

Mr. GREEN. Mr. Bowers, will you kindly produce the contract of the Gulf & Ship Island with the Illinois Central, touching this matter of the divisions and the terms upon which the Gulf & Ship Island use the terminal facilities, etc., of the I. C. at Jackson?

Mr. BOWERS. I will.

Mr. RUSSELL. You say it costs five dollars to equip a car with standards for loading lumber?

Mr. ROBINSON. Yes, sir; that is my opinion.

Mr. RUSSELL. It is merely an opinion?

Mr. ROBINSON. Yes, sir.

Mr. RUSSELL. Can you not do that for a dollar and a half?

Mr. ROBINSON. You understand, my answer covered the average cost of freight in delivering that lumber, too. If the Commission please, I am not prepared to go into the examination that the Colonel wants to put me through. I will have it figured out and attach it as part of my testimony.

297* Mr. RUSSELL. You mentioned it as one of the things.

Mr. ROBINSON. Yes, sir; I mentioned it. The mill men have figured it with me time and time again. It is four to five dollars. If you take a thousand mill men who have equipped such cars and

have figured on it, they will all tell you four to five dollars a car. That was the testimony at the hearing in Atlanta of all those people over there.

Mr. RUSSELL. You say you used to be a sewing-machine agent?

Mr. ROBINSON. I said I had sold sewing machines.

Mr. RUSSELL. You have been in the lumber business how long?

Mr. ROBINSON. Since 1897.

Mr. RUSSELL. Well, now, in spite of incompetent railroad management and short equipment and high rates on lumber have you not prospered as a lumberman?

Mr. ROBINSON. If the Commission please, I do not see that that has anything to do with the reasonableness of the rates. The fact that I had met with disaster would not justify Mr. Russell's road in taking money from its treasury and making me good. Neither is he justified, if I am prosperous, in taking money from me and putting it into his treasury.

298* Mr. RUSSELL. How much money has your firm invested in the milling business, the handling of lumber?

Mr. ROBINSON. In the neighborhood of one hundred and fifty thousand dollars.

Mr. RUSSELL. That is exclusive of timber lands?

Mr. ROBINSON. No, sir; inclusive. It is somewhere between one hundred and fifty and two hundred thousand dollars, I think. I do not know exactly.

Mr. RUSSELL. You say you make contracts and furnish car sills, sidings, etc.

Mr. ROBINSON. Yes, sir.

Mr. RUSSELL. And that since the increase in the rate you have not been able to secure the contracts you did prior to that time.

Mr. ROBINSON. Not at satisfactory prices.

Mr. RUSSELL. Is it not true that the railroad companies have been canceling their orders?

Mr. ROBINSON. With us?

Mr. RUSSELL. Generally, for cars.

Mr. ROBINSON. I think it is true that they have quit largely buying cars. I think it true that they have quit largely buying structural material for their own use.

299* Mr. RUSSELL. Then, that would be the cause of your not being able to place orders, instead of the increase of rates.

Mr. ROBINSON. However, it is true there is still some construction going on in the country in the way of cars. I am told by a representative of the Pullman Company that the Mobile & Ohio have asked them for proposals on two thousand cars, so the mill men are asked by the Pullmans and other car builders to name a price for which they will furnish the lumber; so we find, if we do sell to the car companies, we must take a less price, and that less price means that we must bear the advance of 2 cents and possibly a little more.

Mr. RUSSELL. The Pullman Company, in order to induce the Mobile & Ohio to give them an order to build two thousand cars, must build them cheaper than before?

Mr. ROBINSON. That I do not know. I suppose so. Everything is tending downward, except freight rates.

Mr. RUSSELL. Would not the railroad have to put a great deal of money into equipment to handle the business at the height of the busy

season and would they not have equipment idle in the summer when business is dull?

300* Mr. ROBINSON. Yes, sir; I suppose that is true of all business. There are times of greater activity and less activity. We find it that way in the mill business.

Mr. RUSSELL. You spoke of hauling coal. If a railroad can equalize its freight, a railroad running north and south, in both directions, instead of hauling one way, does not that reduce the expense of operation?

Mr. ROBINSON. I doubt very much if the Commission want to hear us discuss that question. It is a very deep and tedious question. Taking the A. G. S. and the Northeastern, my opinion is that they had better haul three times the number of empty cars to New Orleans to distribute than to haul one-third of that number loaded with coal at one dollar and a quarter per ton. That is my opinion, that they will make more money in the end by doing it.

Mr. RUSSELL. You do not deny that if they can equalize the loads in both directions, that makes it more economical?

Mr. ROBINSON. That all depends on what they get for it.

Mr. RUSSELL. There is more revenue in that than in handling empty cars?

Mr. ROBINSON. I will try to make that clear by giving my

301* opinion. We will assume that the average train of coal from Birmingham over the A. G. S. is 20 cars. We will assume that of empty cars they can haul 60. We will asume that the loaded cars are loaded with 20 tons each of coal, making 400 tons to the train. That, then, would yield them five hundred dollars for hauling that down here, if they had no wrecks or anything of that kind. Now, they brought down 60 empty cars, it is true they would not get five hundred dollars, but they would have just three times as many empty cars to take care of the local traffic in the one case as they would have in the other; so, in my opinion, in the end it is not good judgment to haul coal at $1.25 a ton for that distance in order to equalize, as you say, traffic. There is a limit, in other words, beyond which it is not safe for the railroad to go to equalize traffic.

Com'r FIFER. If the rates are remunerative rates it is better?

Mr. ROBINSON. Yes, sir.

Mr. RUSSELL. If it pays expenses it would be better, would it not?

Mr. ROBINSON. Well, hardly. I would not say it would pay if it barely paid expenses, because this traffic that is waiting

302* here that cannot get cars to move it bears such a high rate they are actually losing money by delaying the transportation of cars to it.

Mr. RUSSELL. That is all.

Mr. BOWERS. You told Mr. Russell that the amount of your investment was between one hundred and fifty and two hundred thousand dollars?

Mr. ROBINSON. Yes, sir.

Mr. BOWERS. Does that include your timber lands?

Mr. ROBINSON. Yes, sir.

Mr. BOWERS. Independent of the timber lands what is it?

Mr. ROBINSON. I really do not know.

Com'r FIFER. Are you in a company, or are you alone?

Mr. ROBINSON. I am both.

Mr. BOWERS. Have you any objection to advising the Commission as to the gross business done by your firm?

Mr. ROBINSON. The gross business?

Mr. BOWERS. Yes, sir.

Mr. ROBINSON. You mean in dollars and cents?

Mr. BOWERS. Yes, sir.

Mr. ROBINSON. Of my firm?

Mr. BOWERS. Yes, sir.

Mr. ROBINSON. Not the slightest.

303* Mr. BOWERS. About how much is it?

Mr. ROBINSON. I would have to get my figures.

Mr. BOWERS. Have you any objection to filing with the Commission a statement of the net results of that business to you last year and this year under the increased freight rates?

Mr. ROBINSON. I have objection to furnishing that to anyone. I do not consider that anybody's business—with due respect to the Commission, not their business. I am not on trial here, if the Commission please.

Mr. BOWERS. That is all.

Mr. BAXTER. What per cent of the lumber manufactured and bought by you or your firm is the kind of lumber used by railroad companies or car manufacturers in the construction of cars?

Mr. ROBINSON. You mean at the present time?

Mr. BAXTER. Within the last year.

Mr. ROBINSON. I will say for your information that we have very largely changed the character of our business, in that we are now manufacturing and seeking to sell piece stuff instead of car material.

304* Mr. BAXTER. Before that change, what per cent of your lumber was used by car manufacturers?

Mr. ROBINSON. Prior to the slump in prices of car material, I should say 80 per cent of our business was car material, railroad structural material, and factory structural material.

Mr. BAXTER. When did that slump in prices occur?

Mr. ROBINSON. Simultaneously with the raise in rates. I do not mean the exact date, but about that date.

Mr. BAXTER. Have you a price list of your establishment—do you sell your lumber at your mill?

Mr. ROBINSON. We issue no price list; we never have.

Mr. BAXTER. Have you a record in your books or papers showing the price you have obtained for your lumber from April 15, 1903, to November 15, 1903?

Mr. ROBINSON. Not except in copies of orders. In other words, we do not keep as elaborate a set of books as Mr. Gardiner and these large operators keep.

Mr. BAXTER. Could you, without too much exertion, go over those books and give us such a statement as that?

Mr. ROBINSON. I endeavored once to formulate such a state-

305* ment, but from the different character of the business and the different places of delivery, I found it involved so much labor that I gave it up in despair.

Mr. BAXTER. You spoke of the great shortage of cars existing at one time.

Mr. ROBINSON. At all times.

Mr. BAXTER. Up to within quite a recent time was it not true that the car manufacturers in the United States, so far as you know, were behind with their orders, and that the railroads could not procure anything; notwithstanding they had out contracts for deliveries at certain times, they could not get them at the time specified?

Mr. ROBINSON. That is my understanding.

Mr. BAXTER. You referred to certain financial statistics of the Illinois Central. Did those statistics refer to the whole system or only that portion south of the Ohio River?

Mr. ROBINSON. To the whole system—taken from the reports of the company.

Mr. BAXTER. In your statement of the ratio of expenses to gross earnings of the Illinois Central for 1903 did not you include taxes and operating expenses?

Mr. ROBINSON. I did; yes, sir.

306* Mr. BAXTER. In your statement of percentage of expenses to gross earnings of the Southern in 1903 did not you exclude taxes?

Mr. ROBINSON. I think not. I did not intend to. If you will pardon me, I will look into that now.

Mr. BAXTER. If you will look into it at your leisure that will do.

Mr. ROBINSON. I did not intend to. If I did it was accidental. I think I included taxes in both cases.

Mr. BAXTER. Will you look and see?

Mr. ROBINSON. I will with pleasure.

Mr. BAXTER. You spoke of what you call an exceedingly low rate on cement from New Orleans to Chicago. Is not that a rate on cement imported from foreign countries through New Orleans, and is it not carried by the Illinois Central from New Orleans to Chicago in competition with cement imported through New York and carried via the Erie Canal?

Mr. ROBINSON. I suppose that is true; but if you will pardon me, if I was managing the traffic department of the I. C. road I would not haul cement at a loss because a river would haul it if I did not take it.

307* Mr. BAXTER. Well, I am not prepared to say whether it is hauled at a loss or not.

Mr. ROBINSON. Will you ask Mr. Hudson that question when he is on the stand?

Mr. BAXTER. We expect to do it. I do not know whether Mr. Hudson will be here. Have you any objection to giving the price that was offered you in Chicago for the lumber which you declined and which you say you would have accepted if the old rates had been in effect?

Mr. ROBINSON. For standard sills, they would have netted me at the mill about $8.50 per thousand. I am told that sills have been bought that low.

Mr. BAXTER. That is the price you declined?

Mr. ROBINSON. That is the price I declined.

Mr. BAXTER. That is all.

Mr. CATCHINGS. I understood you to say that you thought a rate of 2.8 mills per ton per mile was too low. Did I understand you correctly?

Mr. ROBINSON. I do not know whether I said it or not. I say it now.

Mr. CATCHINGS. What do you think would be a fair rate?

308* Mr. ROBINSON. That depends on the commodity and the railroad handling it.

Mr. CATCHINGS. Do you think that 2.8 mills would be a fair rate for any railroad under any circumstances?

Mr. ROBINSON. Not that I can imagine. I think not.

Mr. CATCHINGS. Do you think 3.8 is too low?

Mr. ROBINSON. For general traffic?

Mr. CATCHINGS. Yes, sir.

Mr. ROBINSON. Yes, sir.

Mr. CATCHINGS. Do you think it is too high?

Mr. ROBINSON. I say it is too low. If it is too low it can not be too high.

Mr. CATCHINGS. You criticised these roads involved in this controversy pretty severely yesterday, saying, as I understood you, that the congestion of traffic that happens on all these roads is attributable to bad management.

Mr. ROBINSON. Yes, sir; I still so charge.

Mr. CATCHINGS. Can you point to any railroad anywhere in the United States during that period of time upon which there was not a congestion of traffic? Was it not general everywhere?

Mr. ROBINSON. Yes, sir.

309* Mr. CATCHINGS. Then, your opinion is that all the roads are badly managed.

Mr. ROBINSON. Yes, sir; or they are shortsighted.

Mr. CATCHINGS. Then, you do not think our road is any worse managed than others—we are as good as our kind?

Mr. ROBINSON. I could not quite agree with you that far, although I would like to. I do not think the congestion, except at Pittsburg on the Pennsylvania—generally I do not think the congestion was as bad in the Eastern States as here.

Mr. CATCHINGS. Was not the congestion at Louisville and St. Louis notorious?

Mr. ROBINSON. At all points?

Mr. CATCHINGS. Was not the congestion there worse than at any of these points down here?

Mr. ROBINSON. I do not know. When it takes 77 days to take a car of lumber 150 miles it is a bad state of affairs.

Mr. CATCHINGS. You did not mean for the Commission to understand that it took that long to move every car?

Mr. ROBINSON. I did not, but it took a long time to move

310* every car. Referring to this particular car in question, it was not lost. It was in the yards at Meridian. I knew where it was all the time.

Mr. BOWERS. Can you give me, from your recollection or knowledge, the price ruling now at the mills in this territory for car sills? What do they get net at the mills?

Mr. ROBINSON. I can buy sills at the smaller mills, ordinary standard sills, for eight dollars; have bought some the last several weeks for that price. The larger mills, mills better equipped to sell lumber, are getting nine dollars, possibly as much as ten dollars.

Mr. GREEN. Mr. Robinson, I wish you would prepare a statement of the tap lines you have referred to and file it with the Commission in convenient form.

Mr. MILLER. I would like to ask Mr. Robinson one question. I would like to ask your experience in respect to the loading of cars furnished to you to their stenciled capacity or cubical capacity.

Mr. ROBINSON. As we have been handling fully 80 per cent of green lumber, my trouble has been to keep my men from overloading the cars. The Northeastern road—I do not recall the custom
311* of the Gulf & Ship Island—the Northeastern allow us to overload ten per cent above the capacity without penalty. I think I am safe in saying that out of every 12 cars we pay a penalty for overloading of 50 per cent in addition to the rate. In other words, the Northeastern, on a car of 40,000 pounds capacity, allow us to load 44,000 pounds, but in excess of that they charge 50 per cent of the rate. I think one car out of 12 my men overload.

Mr. CATCHINGS. What kind of cars do you prefer to use in your business, flat cars or box cars?

Mr. ROBINSON. In the business we have been doing until recently we could not use anything but gondolas or flats.

Mr. CATCHINGS. Do you call for them when you call for cars?

Mr. ROBINSON. We did prior to the last month or two.

Mr. CATCHINGS. Is it cheaper for you to load your kind of lumber on flat cars?

Mr. ROBINSON. It is practically impossible to load it any other way.

Mr. CATCHINGS. You differ in that particular from Mr. Gardiner?

Mr. ROBINSON. Mr. Gardiner, you understand, is a different kind of manufacturer. He manufactures a finer grade, a higher grade lumber.

Mr. CATCHINGS. That is all.

The witness was excused.

312* Mr. MILLER. I want to ask Mr. Washburn if the return made here [referring to papers] embraces all correspondence that passed through the Southeastern & Mississippi Valley Association in respect to the advance on yellow pine lumber?

Mr. WASHBURN. Yes, sir.

Mr. MILLER. Had you no minutes or documents relating to the meeting held at St. Augustine?

Mr. WASHBURN. No, sir.

Mr. MILLER. Do you know what became of those?

Mr. WASHBURN. I do not know that there were any minutes.

Mr. MILLER. Were you aware that that meeting was held for the purpose of considering this advance?

Mr. WASHBURN. No, sir; that was not one of the lists of subjects for consideration at that time.

Mr. MILLER. What became of the minutes of the New Orleans meeting?

Mr. WASHBURN. I do not know of any meeting at New Orleans.

Com'r YEOMANS. We will take a recess until 2 o'clock this afternoon.

At 12.35 o'clock p. m. the Commission took a recess until 2 o'clock p. m.

313* AFTER RECESS.

2 o'clock p. m.

S. J. CARPENTER, a witness on behalf of the complainant, having been duly sworn, testified as follows:

Mr. MILLER. What company are you connected with, Mr. Carpenter?

Mr. CARPENTER. The Pearl River Lumber Company, of Brookhaven, Miss.

Mr. MILLER. What is the extent of that plant, Mr. Carpenter? What is its annual output?

Mr. CARPENTER. About sixty million feet this year.

Mr. MILLER. What does its plant consist of? What logging roads have you?

Mr. CARPENTER. We have some 20 miles, branches and spurs.

Mr. MILLER. How long has that company been in existence?

Mr. CARPENTER. Four years.

Mr. MILLER. How long have you been in the business in this territory?

Mr. CARPENTER. In this territory 14 months.

314* Mr. MILLER. Do you know what the value of stumpage is in that section?

Mr. CARPENTER. Yes, sir.

Mr. MILLER. What is it and how do you know it?

Mr. CARPENTER. We have bought timber the past year in quite large quantities on a stumpage valuation of $2.50 a thousand.

Mr. MILLER. How far from the railroad does that extend?

Mr. CARPENTER. That is perhaps an average distance of 5 miles.

Mr. MILLER. Do you know how the price is when you get farther away, say 10 or 15 miles?

Mr. CARPENTER. To any given plant it would be worth less, the cost of hauling that distance.

Mr. MILLER. Would that be an appreciable difference?

Mr. CARPENTER. Yes, sir; I should say approximately a dollar a thousand for 20 miles.

Mr. MILLER. In other words, the farther back from the railroad you get the cheaper the timber?

Mr. CARPENTER. Yes, sir.

Mr. MILLER. Because you have to, in a logging plant get it in?

315* Mr. CARPENTER. Exactly.

Mr. MILLER. Well, in respect to the handling of your lumber, what kind of cars do you use principally?

Mr. CARPENTER. We use about 80 per cent of box cars.

Mr. MILLER. In respect to the stenciled capacity of those cars and the loading, what is your observation?

Mr. CARPENTER. I think about 75 per cent.

Mr. MILLER. How about the open cars?

Mr. CARPENTER. They are loaded as a rule nearer to the full capacity.

Mr. MILLER. If these box cars were higher, would you not put in the stenciled capacity?

Mr. CARPENTER. Yes, sir; in most cases.

Mr. MILLER. What are the relative expenses of loading box cars and loading flat cars?

Mr. CARPENTER. In loading a general stock, we think we load cheaper in box cars. It is not true of timbers and large sizes.

Mr. MILLER. Are you prepared to state what is the cost of equipping opened cars for the lumber traffic, including the freight on the extra weight?

Mr. CARPENTER. Yes, sir.

316* Mr. MILLER. What do you figure it to be?

Mr. CARPENTER. About three dollars a car with the freight added to that.

Mr. MILLER. Whatever the rate may be to the destination?

Mr. CARPENTER. Yes, sir; about as much more on a 26-cent rate.

Mr. MILLER. I would like to ask you how your prices for lumber compare with the prices before this advance was made by the railroads, effective in April last?

Mr. CARPENTER. Our cost sheets show we have received f. o. b. the mill, 60 cents less since the advance than heretofore.

Mr. MILLER. Have you made any effort to place this advance on the buyers?

Mr. CARPENTER. Yes, sir; we tried very hard to add it to the price of the lumber but were unsuccessful.

Mr. MILLER. Your company sold a railroad it had constructed to the Illinois Central, did it not?

Mr. CARPENTER. Yes, sir.

Mr. MILLER. What was the length of that road?

Mr. CARPENTER. 18 miles.

Mr. MILLER. That extended in what direction?

317* Mr. CARPENTER. East.

Mr. MILLER. Towards Pearl River?

Mr. CARPENTER. Yes, sir.

Mr. MILLER. What use do you make of that road and under what sort of an arrangement do you use it?

Mr. CARPENTER. We connect our logging roads with that line of road, and we pay for the use of that road on a wheelage basis to the Illinois Central.

Mr. MILLER. That is, in proportion to the cars?

Mr. CARPENTER. Yes, sir.

Mr. MILLER. Does the Illinois Central run any trains over that road now?

Mr. CARPENTER. Not yet.

Mr. MILLER. In whom is the expense?

Mr. CARPENTER. Entirely the Pearl River Company.

Mr. MILLER. Do you know what the object of the Illinois Central was in buying that railroad?

Mr. CARPENTER. No, sir.

Mr. MILLER. Do you know that the purpose of the Illinois Central was to stifle the efforts of persons who were attempting to promote a railroad known as the New Orleans & Mississippi Midland to run through that territory?

318* Mr. CARPENTER. We have heard that.

Mr. MILLER. Do you know that the Illinois Central or persons known to be connected with the Illinois Central have been taking out charters from time to time, or have taken out a charter proposing to cover a railroad from here into that section of the country?

Mr. CARPENTER. I know nothing of that personally.

Mr. MILLER. Do you get any allowance, or did you at any time get any allowance from the Illinois Central, based on your logging service?

Mr. CARPENTER. No, sir.

Mr. MILLER. Did you ever get any allowance of any kind from them?

Mr. CARPENTER. No, sir.

Mr. MILLER. In other words, the full published rate is charged and retained by that road?

Mr. CARPENTER. Yes, sir.

Mr. MILLER. How far is your mill from the Illinois Central?

Mr. CARPENTER. Well, it is about a mile from their station.

319* Mr. MILLER. Does the Illinois Central operate the switch out to your mill?

Mr. CARPENTER. Yes, sir.

Mr. MILLER. How far do you haul your logs?

Mr. CARPENTER. 24 or 25 miles.

Mr. MILLER. What is the extent of the spur tracks you own and operate?

Mr. CARPENTER. Some 20 miles.

Mr. MILLER. In addition to the line over which you have the wheelage arrangement?

Mr. CARPENTER. Yes, sir.

Mr. MILLER. That is all.

Mr. BOWERS. What is the wheelage basis?

Mr. CARPENTER. It is a division. It is the labor and supplies of keeping up that track, plus 10 per cent for superintendence, divided between the Illinois Central and the Pearl River Company on a wheelage basis, the number of cars we send over the road as compared with the others.

Mr. BOWERS. What I was trying to get at was what it amounted to in dollars and cents.

Mr. CARPENTER. They have not operated the road yet, so

320* we have had all the expense of maintenance, which, plus 10 per cent for superintendence they charge us, amounts to $750 a month, perhaps. It varies from six to eight hundred dollars.

Mr. BOWERS. About how much per mile would you say was the expense of the maintenence of that road per annum?

Mr. CARPENTER. I hardly know. They have improved the track somewhat since they took it from us as a logging road, and I think the maintenance has been higher than it will be in future.

Mr. BOWERS. I mean the average maintenance from this time on. Can you form any estimate what it would cost per annum to maintain that track per mile?

Mr. CARPENTER. No, sir.

Mr. BOWERS. That is all.

Mr. BAXTER. What kind of lumber do you manufacture?

Mr. CARPENTER. Longleaf yellow pine.

Mr. BAXTER. Dressed or undressed?

Mr. CARPENTER. It is almost all dressed; 80 per cent is generally yard stock, and perhaps 18 or 20 per cent is large timber.

Mr. BAXTER. The 18 or 20 per cent of large timber is what you load on open cars?

321* Mr. CARPENTER. Yes, sir.

Mr. BAXTER. The balance you load in box cars?

Mr. CARPENTER. Yes, sir.

Mr. BAXTER. Have you made annual balance sheets showing the profits or losses of your business?

Mr. CARPENTER. Yes, sir.

Mr. BAXTER. Would you furnish us copies of them?

Mr. CARPENTER. I regret that I can not promise that. I will take it up with my associates, and if there is no objection I will be glad to do so.

Mr. BAXTER. That is all.

The witness was excused.

322* M. P. WASHBURN, a witness on behalf of the complainant, having been duly sworn, testified as follows:

Mr. MILLER. Are you the chairman of the Southeastern & Mississippi Valley Association?

Mr. WASHBURN. Yes, sir.

Mr. MILLER. And you held that office since its organization?

Mr. WASHBURN. Yes, sir.

Mr. MILLER. What railroads compose that association?

Mr. WASHBURN. The Illinois Central, the Louisville & Nashville, the Southern Railway, the C., N. O. & T. P. Railway, the Mobile & Ohio, the Nashville, Chattanooga & St. Louis, the Kansas City, Memphis & Birmingham, the Alabama Great Southern, the Alabama & Vicksburg, the New Orleans & Northeastern. I think that is all.

Mr. MILLER. And the Gulf & Ship Island?

Mr. WASHBURN. No, sir.

Mr. MILLER. There is another association west of the river. What is that called?

Mr. WASHBURN. West of the Mississippi River?

323* Mr. MILLER. Yes, sir.

Mr. WASHBURN. I think there are several associations there.

Mr. MILLER. Well, one that takes in the lumber carrying roads of Arkansas and Louisiana?

Mr. WASHBURN. I think that is called the Southwestern Tariff Bureau.

Mr. MILLER. Who is chairman of that concern?

Mr. WASHBURN. Mr. Cale.

Mr. MILLER. Do you recollect what railroads are in that?

Mr. WASHBURN. I could not state them all—the Missouri Pacific, Texas & Pacific; I presume the Frisco——

Mr. MILLER. The St. Louis, Iron Mountain & Southern?

Mr. WASHBURN. Yes, sir.

Mr. MILLER. The St. Louis Southwestern?

Mr. WASHBURN. I presume so.

Mr. MILLER. The Kansas City Southern?

Mr. WASHBURN. I do not know as to that.

Mr. MILLER. You were subpœnaed and directed to bring to this meeting all documents and correspondence passing through

324* your office in your possession or under your custody relating to this 2 cents a hundred advance on yellow pine lumber from

producing points to the Ohio River and the other places indicated. I will ask you, Mr. Washburn, if these are the documents you produced in answer to that. [Exhibiting bundle of papers.]

Mr. WASHBURN. Yes, sir.

Mr. MILLER. Does this embrace all the correspondence of which you have knowledge?

Mr. WASHBURN. That is all the correspondence on the subject I know of.

Mr. MILLER. Do you know anything about a meeting, if such a meeting was held, to consider this same question by the representatives of interested roads at St. Augustine, Florida, and another meeting at New Orleans, preceding the meeting at St. Louis, of which you have produced the minutes?

Mr. WASHBURN. The meeting at St. Augustine, Florida, I remember incidentally after it took place. I was at St. Augustine in connection with other business—a regular meeting of our association—and I understood that that matter had been considered on the side; but I had nothing whatever to do with it, and knew nothing of it except incidentally.

325* Mr. MILLER. Do you know that a meeting was held in New Orleans and then adjourned to St. Louis for the purpose of being in convenient touch with the representatives of the Arkansas and Louisiana roads?

Mr. WASHBURN. I have no recollection of a meeting at New Orleans whatever. My files start with proceedings of a meeting held at St. Louis.

Mr. MILLER. That does not show any adjournment from New Orleans?

Mr. WASHBURN. I do not recollect. It is at the bottom of the file.

Mr. MILLER. Are any of these [referring to papers filed by Mr. Washburn] copies, or are they all originals? A good deal of this is a copy, is it not?

Mr. WASHBURN. Yes, sir.

Mr. MILLER. I will state to the Commission that Mr. Washburn says some original documents are here that he desires to keep, and I said if he indicated anything he desires to withdraw, we are perfectly willing to let it be read into the record.

Com'r FIFER. He can furnish a copy, can he not?

Mr. WASHBURN. The only thing I care to keep are things
326* I compiled for information.

Com'r FIFER. Let him furnish copies.

Mr. MILLER. Of course, we are willing that copies shall be substituted. Were you at the St. Louis meeting in the Southern Hotel January 30th?

Mr. WASHBURN. No, sir.

Mr. MILLER. How long after that meeting before you began to receive declarations from these railroads in your association putting this rate into effect?

Mr. WASHBURN. I shall have to refer to the file to tell you. These things are handled in a purely clerical way in my office and do not always come to my attention. They are handled by clerks in the office. The first communication [referring to file] from my office is dated February 3, and is a communication to members quoting the

record of a meeting of interested lines held at the Southern Hotel, St. Louis, January 30th.

Mr. MILLER. The minutes of that meeting are there, are they?

Mr. WASHBURN. Yes, sir; they are quoted in this letter. The minutes furnished me are in the file and are also quoted in this letter.

327* Mr. MILLER. Where are the original minutes?

Mr. WASHBURN. The minutes are mimeographed and these are copies.

Mr. MILLER. Is the name of the chairman signed to these minutes?

Mr. WASHBURN. Yes, sir.

Mr. MILLER. Who was chairman?

Mr. WASHBURN. Mr. Cameron, of the Illinois Central.

Mr. GREEN. Do you keep a minute book for this committee?

Mr. WASHBURN. No, sir.

Mr. GREEN. Does the organization keep a minute book—a record of their proceedings?

Mr. WASHBURN. We keep a record similar to this.

Mr. MILLER. Was that kept in a book?

Mr. WASHBURN. No, sir.

Mr. MILLER. It was kept about in that shape?

Mr. WASHBURN. Just in this shape. This might have been incorporated into some record afterwards. I do not know whether it was or not.

328* Mr. MILLER. Will you explain what is meant there by "The assistant general freight agent of the New Orleans & Northeastern withheld his views?" [Reading from minutes.]

Mr. WASHBURN. As I understand it, the subject for debate was presented here. Of course, in submitting a matter for discussion we have to formulate it some way. There is a proposition submitted here. It states that the New Orleans & Northeastern withheld their views. I presume that meant they were not prepared at that time to state what their views were with reference to this advance on lumber.

Mr. MILLER. As a matter of fact, was not that advance made finally to depend on an expression of views from the New Orleans & Northeastern in harmony with the general purpose, and was not some complaint made by the Louisville & Nashville, or some road, that until that objection was removed it would not be practicable to do anything, or that it would complicate the situation?

Mr. WASHBURN. All I know about the matter is what is on this file. I do not know that such a complaint as you speak of was made.

Mr. MILLER. Were not you finally instructed to change the minutes, so that the withholding of the expression of views of the New Orleans & Northeastern would not appear?

329* Mr. WASHBURN. Yes, sir; I find I issued a supplement to the proceedings of that meeting in which I stated, "Correct by erasing the sentence, 'The assistant general freight agent of the New Orleans & Northeastern withheld his views.'"

Mr. MILLER. Do you know whether the New Orleans & Northeastern authorized that erasure?

Mr. WASHBURN. No, sir.

Mr. MILLER. Is there not some correspondence with that road that authorized that?

Mr. WASHBURN. No, sir.

Mr. MILLER. Is there not some correspondence with Mr. Cameron or some road in the association that instructs you to make that entry?

Mr. WASHBURN. Yes, sir.

Mr. MILLER. Who is that from?

Mr. WASHBURN. Mr. Cameron. He was chairman of the meeting.

Mr. MILLER. Does it show from what source he got his authority to direct that change?

Mr. WASHBURN. No, sir. I have a memorandum here stat-
330* ing, "Please refer to page 2 of above-mentioned proceedings," etc. I do not know who it was written by. The pith of the matter is, "Please refer to page 2 of the above-mentioned proceedings, subject 'Rates on yellow pine lumber to Ohio River crossings and St. Louis,' last paragraph, reading, 'The foregoing was discussed and no further action was taken in regard thereto. The assistant general freight agent of the New Orleans & Northeastern Railroad withheld his views,' and correct by erasing the sentence, 'The assistant general freight agent of the New Orleans & Northeastern Railroad withheld his views.'"

Mr. MILLER. Was not a meeting having in view the same general purpose being conducted by representatives of the lumber-carrying roads in Arkansas and Louisiana at the Fullerton Building or elsewhere in St. Louis at the same time? That does not appear there.

Mr. WASHBURN. No, sir.

Mr. MILLER. Does that correspondence show any effort on the part of your association or any of its members to draw the Arkansas and Louisiana roads into this arrangement?

Mr. WASHBURN. There is correspondence here that shows
331* we corresponded with Mr. Cale, chairman, at St. Louis, at various times, asking whether his lines were going to operate an advance of 2 cents per hundred pounds in rates on pine lumber. There was no effort made to induce them to do so that I know of.

Mr. MILLER. There was no revised tariff filed with the Interstate Commerce Commission until an understanding was had with the western roads, was there?

Mr. WASHBURN. I do not know anything about the filing of tariffs.

Mr. MILLER. I thought they were filed by you?

Mr. WASHBURN. No, sir.

Mr. MILLER. Is there any correspondence with the Georgia Freight Association, of which Mr. Parrott is chairman?

Mr. WASHBURN. The Southeastern Freight Association?

Mr. MILLER. Is there any correspondence with that association?

Mr. WASHBURN. There is some correspondence with Mr. Parrott with reference to what action had been taken by members of his association.

Mr. MILLER. I do not care to go into that in detail.

Mr. WASHBURN. There are letters here that have been writ-
332* ten to Mr. Parrott asking him the status of the matter among members of his association.

Mr. MILLER. The long and short of it is, Mr. Washburn, that the whole yellow pine region from Texas to North Carolina was taken into this advance, was it not? That is a fact, is it not? You know that as chairman of this association?

Mr. WASHBURN. I understand so from hearsay. I am not a rate expert and do not know very much about these matters. I am simply an intermediary for the transmission of information received in my office to other members. I know very little about rates. It is more convenient to communicate through a medium and write one letter instead of a dozen.

Mr. MILLER. We want to file all these documents in evidence and give Mr. Washburn leave to withdraw any original upon leaving a copy.

(The file of papers above referred to is hereto annexed and marked "Exhibit No. 1 to Mr. Washburn's testimony.")

Mr. GREEN. Mr. Washburn, what official position do you occupy in the Southeastern Mississippi Valley Association?

Mr. WASHBURN. I am chairman of the association.

333* Mr. GREEN. It is your business to keep a record of the conduct of the meetings of that association, is it not?

Mr. WASHBURN. Yes, sir.

Mr. GREEN. Have you a minute book of that association?

Mr. WASHBURN. I keep a record of all the subjects that are discussed at the meetings of the association.

Mr. GREEN. Have you a minute book on which the minutes of the meetings are made?

Mr. WASHBURN. No, sir; there are no minutes; if you mean is there a record made of discussions in the meeting, there is no record.

Mr. GREEN. I mean the business transactions. Is there a minute book in writing or otherwise wherein appear the transactions of this association?

Mr. WASHBURN. There is a record of the proceedings of the meeting.

Mr. GREEN. Where is the record of the proceedings of January 30th at St. Louis?

Mr. WASHBURN. It is not an association matter and does not appear in our records.

Mr. GREEN. What position did Mr. T. C. Powell have in your association?

334* Mr. WASHBURN. He was a representative of the Southern Railway.

Mr. GREEN. Was not he chairman of a committee?

Mr. WASHBURN. Not any committee I know of.

Mr. GREEN. Don't you know that Mr. Powell presided over the meeting at New Orleans on January 28th?

Mr. WASHBURN. No, sir; I did not know there was such a meeting held. I was not here and there was no representative from my office here.

Mr. GREEN. Your minutes do not show anything of a meeting at the St. Charles Hotel January 28th, 1903?

Mr. WASHBURN. No, sir; the first thing I have is a record of the St. Louis meeting.

Mr. GREEN. Is it not a fact that you designedly do not inscribe on your minutes the transactions of your association?

Mr. WASHBURN. No, sir; everything that occurs in the association—every meeting of the association, the record of that meeting appears in the records of the association.

Mr. GREEN. You say there is not the scratch of a pen about the St. Charles Hotel meeting?

Mr. WASHBURN. No, sir; not the scratch of a pen.

335* Mr. GREEN. How do you explain this letter produced by the New Orleans & Northeastern Railway Company, a member of your association, reading as follows:

"Memorandum of conference, St. Charles Hotel, New Orleans, La., January 28, 1903, to discuss lumber rates.—Present: K. C., M. & B., E. K. Voorhees; N. O. & N. E., T. F. Steele; A. G. S., L. Sevier; Illinois Central, F. B. Bowes, C. C. Cameron, and W. M. Rhett; M., J. & K. C., F. B. Merrill and L. E. Sullivan; L. & N., F. C. Shepard; Mobile & Ohio, J. T. Poe and Haiden Miller; Southern Railway, T. C. Powell.

"It was understood that the Arkansas lines would advance St. Louis, East St. Louis, and Cairo at least 1 cent per hundred pounds, but final advice of this had not been received from Mr. A. S. Dodge, who had been appointed a committee of one to discuss the matter with the Arkansas lines.

"The present rates are from Arkansas, 16 cents to St. Louis;

336* from Mississippi Valley, 18 cents to St. Louis; from Arkansas to Cairo, 14 cents; from Mississippi Valley to Cairo, 14 cents

"The Mobile & Ohio and Louisville & Nashville railroads stated that they would be willing to advance the rates to Cairo, St. Louis, and Ohio River crossings to the same extent as the Arkansas lines advanced Cairo and St. Louis.

"The Southern Railway and Illinois Central stated that they would be willing to advance the rates to Cairo, St. Louis, and East St. Louis the same amount as Arkansas lines advanced Cairo and St. Louis.

"The Alabama Great Southern stated that they would restore the rate to Detroit and eastern places if Michigan City and Mt. Vernon were restored to combination basis. (This should also include Dayton, Ohio, which is now less than combination.)

"The Mobile & Ohio, Southern Railway, New Orleans & Northeastern, and Illinois Central expressed the view that all these points should be made on combination.

"Mr. Shepard of the Louisville & Nashville Railroad stated that he could not then advise the position of that line.

"It being explained by the chairman that the advance con-

337* templated was to apply from pro-rating points, the M., J. & K. C. and the N. O. & N. E. stated that in their opinion the advance should be divided with the initial lines.

"Finally, as the settlement of the question depended on the action of the Arkansas lines, it was moved by Mr. Cameron that the meeting adjourn to St. Louis, January 30th, at which time the Mississippi Valley lines would be present and the Arkansas lines would be available for confer'nce.

"T. C. POWELL, *Chairman.*

Did those transactions occur in your association here in the St. Charles Hotel, January 28th?

Mr. WASHBURN. No, sir.

Mr. GREEN. You have no record of them?

Mr. WASHBURN. No record of them. It was not brought before the association. The members of our association are under no obligation to bring matters into the association unless they choose.

Mr. GREEN. This was January 28th. The meeting adjourned to St. Louis January 30th, and you produce as the first document of the history of your association of this transaction a fugitive mem-
338* orandum of a meeting held at St. Louis without any minutes in pursuance of this adjourned meeting from New Orleans. Is that the way we are to understand it?

Mr. WASHBURN. This record is a complete record, as I understand, of a meeting held at St. Louis.

Mr. GREEN. I am speaking of the record of your association about these lumber rates.

Mr. WASHBURN. These lumber rates were never considered by the association until after the rates had gone into effect, I believe.

Mr. GREEN. Will you let me have that correspondence, if you please.

(The correspondence was handed to Mr. Green.)

Mr. MILLER. You do not consider the action of these roads an association matter unless you preside?

Mr. WASHBURN. I do not consider it an association matter unless brought up at an association meeting. I usually preside at those meetings.

Com'r PROUTY. How did it get into your meeting? How did the adjourned meeting, which was not an association meeting here, become an association meeting at St. Louis?

339* Mr. WASHBURN. It was not an association meeting then. As I stated, I am intermediary for the transmission of information of mutual interest to members. Somebody saw fit subsequent to the meeting at St. Louis to use my office for the transmission of information in respect to the subject.

Com'r FIFER. What was the St. Louis meeting? Was it an association meeting?

Mr. WASHBURN. No, sir; it was a meeting of interested lines. It was not called by my office. I was not present at it.

Com'r PROUTY. How did you happen to have any information about it?

Mr. WASHBURN. For the reason I have stated. It is customary to use my office as a convenient medium for the exchange of information.

Com'r PROUTY. Who was to be informed? Who wrote to you giving an account of the St. Louis meeting?

Mr. WASHBURN. My file does not show that anybody wrote me about it. I have no recollection of the matter. I think I was furnished with a copy of the proceedings, judging from my file,
340* and asked to mimeograph it and send it out to members. That is evidently what I have done.

Com'r PROUTY. That is, anything these railroads want to send out they send to you, and anything they do not want to send out they keep to themselves?

Mr. WASHBURN. I know about the first part of it; I am not informed about the other.

Com'r PROUTY. That appears to be the case here.

Mr. WASHBURN. Anything a member desires to transmit to other

members of the association he is likely to turn in to me for transmission.

Mr. GREEN. Were you in St. Louis January 30th?

Mr. WASHBURN. No, sir.

Mr. GREEN. Mr. C. C. Cameron presided at that meeting, did he not?

Mr. WASHBURN. The minutes, I think, so state.

Mr. GREEN. Now, Mr. Washburn, the minutes you produce here on these fugitive sheets of the St. Louis meeting, after reciting the presence of representatives of all these railroads, recites:

"The following was presented:

341* "Recommended for consideration, that an advance of 2 cents per 100 pounds in the rates on yellow-pine lumber, C. L., be made from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast, to St. Louis, East St. Louis, and all Mississippi and Ohio River crossings between St. Louis and Cincinnati, including those points, effective March 1st, 1903.

"A member stated that while the usual adjustment would make a rate of 16 cents from Texas points to St. Louis, as compared with present rates from contiguous territory, the Texas lines were at present carrying rate of 18 cents, and the recommended advance of 2 ¢. per 100 pounds would not be necessary from Texas points in order to preserve the proper alignment, but that it was quite possible, if advances were made from Louisiana, Arkansas, Mississippi, Alabama, and the Southeast, that the Texas lines would desire to still further advance their rates to the same extent of advances from other territories, and suggested that a subcommittee be appointed to present the matter to the Texas lines for consideration at their meeting then in regular session in Chairman Cale's office."

That was the association that governed the territory west, was it?

342* Mr. WASHBURN. I presume Mr. Cale's association is composed of the southwestern roads.

Mr. GREEN. Do you want the Commission to understand that your association was not to cooperate with the Texas association in the matter of fixing these rates?

Mr. WASHBURN. Yes, sir.

Mr. GREEN. Then, how do you explain this:

"Chairman appointed subcommittee of Messrs. Denyven and Perkins.

"After attendance at the Texas meeting the subcommittee reported the following recommendation from the Texas lines, with their request that the chairman of this meeting notify the chairman of the Southwestern Tariff Committee if announcements are made of advances from Louisiana, Mississippi, etc., in order that advances from Texas points may be made simultaneously."

Is there no concurrence in that, you think?

Mr. WASHBURN. I did not have anything to do with that. My association had nothing to do with that.

Mr. GREEN. I am reading from the proceedings of a meeting of interested lines, held at the Southern Hotel, St. Louis, January 30, 1903, to consider rates on lumber, shingles, etc., from points in

343* Southwestern Tariff Committee, Southeastern Freight, and Southeastern Mississippi Valley associations territories to St.

Louis, Ohio River crossings, and points north thereof. Do you mean to have the Commission understand that after appointing this committee to wait upon the Texas association and get their views whether this advance should be made or not and they come back and report to your association that the advance thus made was without the concurrence of the two associations?

Mr. WASHBURN. There is no report to my association there.

Mr. GREEN. Have not you produced this correspondence and this fugitive sheet as a minute of what your association did at that meeting at St. Louis?

Mr. WASHBURN. No, sir; it was not an association meeting. It was not a meeting of my association at St. Louis.

Mr. GREEN. What is all this correspondence then?

Mr. WASHBURN. As I stated, after that meeting was held, I presume, from my file, the record of that meeting was given to me as a convenient medium to transmit information to members of my association. It was turned over to me to do that.

344* Mr. GREEN. Did not you produce these documents as chairman of this association?

Mr. WASHBURN. I did exactly what is stated there. I reported to my members that a meeting had been held at St. Louis at which the following subject was discussed. I merely transmitted to my members information given to me.

Mr. GREEN. Then you draw the distinction between these proceedings being the proceedings of your association and the proceedings of the association railways, do you?

Mr. WASHBURN. Yes, sir. I do not know exactly what you mean by "association railways."

Mr. GREEN. The association railways recited here—the Illinois Central, L. & N., M. & O., etc.

Mr. WASHBURN. Some of those are members of my association; I do not know whether all are.

Mr. GREEN. Now, Mr. Washburn, if these were not your proceedings how does it happen that immediately afterwards you began to send out notifications urging them to send in their declarations?

Mr. WASHBURN. One of my duties is to transmit to members any changes in rates reported to me by any member of the associa-

345* tion, and you will find wherever quoting the proceedings of that meeting at St. Louis, I have asked the question of my members whether any of them purposed to operate those rates; if so, to advise me. You will find later on where some of them advised, and I have transmitted that information.

Com'r PROUTY. Did any of them advise you they would not operate those rates?

Mr. WASHBURN. I was advised by one or two lines that they had no interest.

Com'r PROUTY. Was there any interested line that failed to put in those rates?

Mr. WASHBURN. I think not. I could verify that by the files, but I would not be apt to make the announcement until all were heard from.

Mr. GREEN. Is it not a fact that immediately after the adjournment of this meeting in St. Louis the several railroad representatives departed to their several places and then sent back to you declarations of their intention to put in the 2-cent advance?

Mr. WASHBURN. There are declarations to that effect on file.

346* Mr. GREEN. Some of them were tardy in doing so?

Mr. WASHBURN. I do not know about the dates.

Mr. GREEN. If you, as chairman, had nothing to do with it, how do you explain this telegraphic correspondence between you and Mr. Cameron? This telegram from Mr. Cameron is dated February 7, 1903:

"Your proceedings of lumber meeting, January 30, show views of Northeastern Road withheld. This leaves question in improper shape. Steele telegraphed me that he would announce 2 cents advance from his stations, effective March 1st. If proceedings allowed to remain in this shape it will complicate conditions and probably prevent advance. Please issue new proceedings, omitting reference to Northeastern Road withholding views. Answer, care our agent, Aberdeen, Miss.

C. C. CAMERON."

Mr. WASHBURN. I have already stated that I acted on the suggestion and issued a supplement to the proceeding.

Mr. GREEN. This was a telegram from Mr. Cameron to you as a managing person in the matter of these declarations of the advance, was it not?

Mr. WASHBURN. At that time this matter had begun to pass through my office.

347* Mr. GREEN. Here is your answer to Mr. Cameron, dated February 7, 1903:

"Your wire to-day regarding advance in rates on lumber from southern points to Ohio and Mississippi River crossings. We have covered this matter in our general letter, No. 1490, wherein we asked for declarations of all interested lines. Have already secured declarations from lines most interested. Will make our record clear."

Do you mean the Commission to understand that you were not the person procuring the joint action of these railroads, after action like that?

Mr. WASHBURN. If you will refer to my first letter you will find where I ask all members who propose to operate such rate to file notice of that. That letter you read refers to that.

Mr. GREEN. What, in the technique of your order, does this formula mean:

"The foregoing was discussed and no further action was taken in regard thereto."

What does "no further action" mean?

Mr. WASHBURN. It means the debate was closed and the

348* association was done with it.

Mr. GREEN. Each person, then, after closing the debate as to this advance, goes home and individually sends you a declaration putting the rate into effect. Is that it?

Mr. WASHBURN. They exercise their judgment what they will do.

Mr. GREEN. After the debate has been closed?

Mr. WASHBURN. Yes, sir.

Com'r PROUTY. Did you ever know any man to exercise a different judgment after he got home from what he did at the meeting? Did you ever know of a case where it was understood that the rate would be put in and it was not put in?

Mr. WASHBURN. The man may or may not be influenced by the debate. The first I know officially about these things, as far as the establishment of rates is concerned in the notice I get from the various lines.

Com'r PROUTY. You are present when the debates take place?

Mr. WASHBURN. Yes, sir.

Com'r PROUTY. You know in a general way what the conclu-
349* sion arrived at is. When the debate is closed there is a general impression on your part and that of the others that something will or will not be done.

Mr. WASHBURN. Yes, sir.

Com'r PROUTY. Have you ever known a member to do a different thing from what you understood he would do? If that meeting broke up with the understanding that there would be an advance made, have you ever known a member to go home and refuse to make the advance?

Mr. WASHBURN. I would not say that any meeting closed with an understanding of that kind.

Com'r PROUTY. Well, leave out the word "understanding" and say "the impression." You have an impression at the close of the meeting what is going to be done, don't you?

Mr. WASHBURN. No, sir.

Com'r PROUTY. You have no opinion about it?

Mr. WASHBURN. No, sir.

Com'r PROUTY. And nobody else has?

Mr. WASHBURN. I can not speak for the others.

Com'r PROUTY. And still they all go home and do the same thing. Is that what you mean to swear to?

Mr. WASHBURN. Do you mean when these meetings broke up, when these lumber rates were discussed?

Com'r PROUTY. Take some other case where an advance has
350* been made, or a change of any kind, do you mean to swear that after the debate is closed and when that meeting breaks up you have no impression of what is going to be done?

Mr. WASHBURN. No, sir; I would not swear that. I think I might form an impression from the debate. I might anticipate possibly what some line or lines would do, but I have no guarantee of what they will do.

Com'r PROUTY. My question is, has it ever happened that the lines failed to do what it was your impression they would do?

Mr. WASHBURN. I think it has, although I could not specify a case. I know that the rates discussed at a meeting are not necessarily those afterwards established.

Mr. GREEN. Will you please produce and file the printed articles of the Southeastern Mississippi Valley Association in force up to April 15th, 1903?

Mr. WASHBURN. Yes, sir; I can give them to you right now.

(The same is hereto annexed and marked "Exhibit No. 2 to Mr. Washburn's testimony.")

351* Mr. CATCHINGS. You say you were not in New Orleans when the conference of January 28th took place between the representatives of certain railroads, which has been referred to?

Mr. WASHBURN. No, sir.

Mr. CATCHINGS. Can you remember or not, Mr. Washburn, whether those roads were represented here on that occasion by reason of the fact that the Mississippi railroad commission had under consideration certain proposed tariffs, and that for convenience they held a meeting here in New Orleans, at the St. Charles hotel, on that day?

Mr. WASHBURN. No, sir; I do not remember anything about that meeting at all.

Mr. CATCHINGS. You don't know that?

Mr. WASHBURN. I have no recollection of the meeting held in New Orleans.

Mr. CATCHINGS. You remember that the Mississippi railroad commission had a meeting here on that day?

Mr. WASHBURN. No, sir; I do not.

Mr. CATCHINGS. You can't speak as to that?

Mr. WASHBURN. No, sir.

Mr. CATCHINGS. I was going to ask you if you know the fact that the representatives of these railroads happened to be here at that time, because the railroad commission was holding a meeting also?

Mr. WASHBURN. No, sir.

Mr. CATCHINGS. But you do know the fact that that was not a meeting called by your association?

352* Mr. WASHBURN. No, sir; it was not. All meetings of the association are called through my office.

Mr. GREEN. Mr. C. C. Cameron is present at this hearing?

Mr. WASHBURN. Yes, sir.

Mr. GREEN. Mr. T. S. Powell is present at this hearing?

Mr. WASHBURN. I have not seen him here

Com'r PROUTY. What is that you read from; what memoranda?

Mr. WASHBURN. That was produced by the New Orleans & Northeastern Railroad as part of their files pertaining to this advance of this lumber rate.

J. J. WHITE, a witness called on behalf of complainants, having been duly sworn, testified as follows:

Mr. MILLER. Captain White, where do you reside?

Mr. WHITE. McComb City.

Mr. MILLER. Are you engaged in the lumber business?

Mr. WHITE. Yes, sir.

Mr. MILLER. How many mills have you?

Mr. WHITE. I have only one at present.

Mr. MILLER. How long have you been engaged in the lumber business?

Mr. WHITE. Since 1859.

Mr. MILLER. And what is the output of your mill?

Mr. WHITE. About 20,000,000 feet.

Mr. MILLER. Captain White, are you prepared to state what has been the range of prices in your business within the past year or two; whether there has been an upward or a downward tendency?

Mr. WHITE. Within the past year or two?

Mr. MILLER. Yes, sir.

353* Mr. WHITE. For the last two or three years they have been about the same.

Mr. MILLER. About the same?

Mr. WHITE. Yes, sir.

Mr. MILLER. Now, since April 15th, 1903, when this new rate went into effect, has that or not produced any loss from your prices?

Mr. WHITE. Well, as to that, I haven't been shipping a great deal of lumber affected by the advanced rate, being confined principally to my own market, and so I am not as well prepared to answer that question as some who have been shipping more extensively, but as to the lumber I have shipped north of the Ohio River, it has been at a less price.

Mr. MILLER. About how much less, Captain?

Mr. WHITE. Well, all the way—it depends on the grade—from $1.00 to $1.50.

Mr. MILLER. From $1.00 to $1.50 a thousand less than previous prices?

Mr. WHITE. Yes, sir.

Mr. MILLER. You have not, then, been able to obtain this advance—the amount of the advance put on your shipments—in your trade north of the Ohio River?

Mr. WHITE. No, sir.

Mr. MILLER. On the contrary, the price of that lumber has fallen off?

Mr. WHITE. Yes, sir.

354* Mr. MILLER. Well, now, Captain White, what proportion of cars do you use as between open cars and box cars?

Mr. WHITE. Well, most of the cars we use are what we call coal cars; I suppose about half of them; and I ship a great deal of dressed lumber, and that is shipped in box cars.

Mr. MILLER. Are the coal cars loaded to their full extent and capacity?

Mr. WHITE. Usually.

Mr. MILLER. And how as to the box cars?

Mr. WHITE. They are usually loaded to their full capacity too.

Mr. MILLER. Have you made any estimate to determine the expense of equipping cars for the lumber traffic?

Mr. WHITE. No; I haven't made any. I haven't figured it up to see exactly what it would amount to.

Mr. MILLER. You use high-grade lumber for this purpose?

Mr. WHITE. I couldn't say we use high-grade lumber, but we use good lumber.

Mr. MILLER. Captain White, how long have you lived on the line of the Illinois Central Railroad in Mississippi?

Mr. WHITE. Ever since 1859.

Mr. MILLER. Well, originally that was an unbroken pine forest between Jackson, Mississippi, and, say, a short distance below the Louisiana line?

Mr. WHITE. Yes, sir; only two or three mills on the road when I started there.

355* Mr. MILLER. As the timber has been sawed up and the country cleared up near the railroad, what has been the development in agriculture and enterprises of all sorts?

Mr. WHITE. Well, it has been very considerable.

Mr. MILLER. Quite a number of large and flourishing towns between here and Jackson, are there not?

Mr. WHITE. Not to say large towns, but flourishing towns.

Mr. MILLER. Captain, what is the population of McComb City?
Mr. WHITE. 6,000.
Mr. MILLER. That used to be a pine forest?
Mr. WHITE. Yes, sir; wasn't a tree cut from it when I went there.
Mr. MILLER. Isn't Brookhaven a large place?
Mr. WHITE. Yes, sir.
Mr. MILLER. Crystal Springs?
Mr. WHITE. Yes, sir.
Mr. MILLER. Summit?
Mr. WHITE. Yes, sir.
Mr. MILLER. Hazelhurst?
Mr. WHITE. Yes, sir.
Mr. MILLER. That's a great fruit country where you live?
Mr. WHITE. Yes, sir.
Mr. MILLER. You have banks, stores, mercantile business, cotton plantations?
Mr. WHITE. Yes, sir.
356* Mr. MILLER. Cotton factories?
Mr. WHITE. Yes, sir.
Mr. MILLER. Oil mills?
Mr. WHITE. Yes, sir.
Mr. MILLER. Everything of that sort?
Mr. WHITE. Yes, sir.
Mr. MILLER. Is or not that land well adapted to farming?
Mr. WHITE. I think it is, and as an evidence of that I know two or three small farmers who made a bale of cotton to the acre this year in the piney woods.
Mr. MILLER. How does that country compare with the country through which the Gulf and Ship Island Railroad runs?
Mr. WHITE. Well, I can't say so well about that, but I think it's about the same nature, pretty much.
Mr. MILLER. That is certainly true as far down as Hattisburg and Jackson?
Mr. WHITE. Yes, sir.
Mr. MILLER. Captain White, have you any logging railroad?
Mr. WHITE. Yes, sir.
Mr. MILLER. What extent of road is that?
Mr. WHITE. About twenty miles.
Mr. MILLER. You have cars, engines, and the usual equipment of a road of that character?
Mr. WHITE. Yes, sir; we have five locomotives.
Mr. MILLER. Have you ever made an estimate of the annual expense of maintaining that equipment?
Mr. WHITE. Well, I have, but its not familiar to me just now.
357* Mr. MILLER. Well, now, have you ever received a division of any kind on account of hauling your logs to the railroad?
Mr. WHITE. No, sir.
Mr. MILLER. Have you ever known a case of that kind where divisions of that sort have been made?
Mr. WHITE. No, sir.
Mr. MILLER. What sort of railroad did they have in the old time, when you used to have a differential against shipments by flat cars—

you recollect when they used to charge five or six cents more per 100 pounds on flat cars?

Mr. WHITE. Yes, sir.

Mr. MILLER. Than on box cars?

Mr. WHITE. Yes, sir.

Mr. MILLER. You know what the object of that was?

Mr. WHITE. My recollection of it is that, owing to the fact that their flat cars had to come back empty, that they charged more for that reason. That was the object of it, I believe.

Mr. MILLER. You know whether there was any purpose on the part of the railroad to induce shippers to use box cars?

Mr. WHITE. Well, I don't know particularly about that.

Mr. MILLER. What sort of a railroad system did they have in those days from here to Cairo?

Mr. WHITE. Very imperfect.

Mr. MILLER. How many lines composed the route running to there?

Mr. WHITE. From here to Cairo; when I first went there
358* the road didn't run further than Jackson, Tenn., composed of the New Orleans & Jackson and the Mississippi Central.

Mr. MILLER. And there wasn't much lumber business into that territory?

Mr. WHITE. Very little.

Cross-examination:

Mr. BAXTER. Are the lands on the line of the Illinois Central better than the lands further east?

Mr. WHITE. I can not say as to that. There are some lands on the line of the Northeastern that are more sandy than the lands with us, but with that exception I think they are about the same.

Mr. BAXTER. Didn't the Mississippi Central connect with this line at Jackson, Tennessee?

Mr. WHITE. Yes, sir; and the route was via Memphis to Cairo.

Mr. GREEN. What year was that?

Mr. WHITE. I couldn't tell you that; shortly after the war.

Mr. CATCHINGS. Is your road entirely a logging road, or is it a common carrier?

Mr. WHITE. Yes, sir.

Mr. CATCHINGS. Which is it?

Mr. WHITE. Entirely a logging road.

Mr. BAXTER. Captain White, the lands that you have cut the timber off of, how much of those lands have you sold?

Mr. WHITE. Well, not a very large quantity of it.

359* Mr. BAXTER. One-fourth?

Mr. WHITE. Hardly; no, sir.

Mr. BAXTER. You spoke of some lumber you shipped to points on and north of the Ohio River since April 15th, 1903. What kind of lumber was that?

Mr. WHITE. Ordinary building lumber.

Mr. BAXTER. Did you ship any lumber up there that is used in the construction of cars?

Mr. WHITE. Yes, sir.

Mr. MILLER. I want to ask you if you know what is the value of ordinary farming land, or farms, improved farming lands in that

section of the country along the railroads, where there used to be pine forests?

Mr. WHITE. Well, they vary very much, from $5.00 to $10.00 an acre. I should say that just now they are very scarce, and not many for sale.

Mr. BOWERS. It is very expensive, is it not, to use these pine lands, to clean them up, on account of the stumps?

Mr. WHITE. In some sections the stumps are not left there to the same extent as in others, but of course it costs something to clear up the land.

Mr. MILLER. That is all, Mr. White.

The CHAIRMAN. Who is your next witness?

Mr. MILLER. We will call Mr. J. H. Hinton.

360* J. H. HINTON, a witness called on behalf of complainants, having been duly sworn, testified as follows:

Mr. MILLER. Mr. Hinton, are you engaged in the lumber business?

Mr. HINTON. Yes, sir.

Mr. MILLER. Are you a member of this association?

Mr. HINTON. Yes, sir.

Mr. MILLER. How long have you been engaged in the lumber business?

Mr. HINTON. Since 1885.

Mr. MILLER. What plants are you connected with?

Mr. HINTON. The Camp & Hinton Lumber Company, of Lumberton, on the northeastern crossing of the Columbia branch of the Gulf & Ship Island Railroad.

Mr. MILLER. Was it your mill that burned down during the summer?

Mr. HINTON. Yes, sir.

Mr. MILLER. And not rebuilt?

Mr. HINTON. No, sir.

Mr. MILLER. You are operating a leased mill now?

Mr. HINTON. Yes, sir; two and three.

Mr. MILLER. What is your annual output?

Mr. HINTON. The annual output is about 40,000,000 feet.

Mr. MILLER. Have you got a logging equipment, a logging plant?

361* Mr. HINTON. Yes, sir.

Mr. MILLER. You used to own what is called the Columbia branch, or a portion of the Columbia branch, of the Gulf & Ship Island Railroad, didn't you?

Mr. HINTON. Yes, sir.

Mr. MILLER. And sold it to some concern?

Mr. HINTON. To the construction company, I believe.

Mr. MILLER. Closed out under a mortgage and claimed by the Gulf & Ship Island Railroad Company?

Mr. HINTON. I believe so.

Mr. MILLER. Did you reserve the right to operate your logging trains over that track, from the woods to the mill, in the act of sale?

Mr. HINTON. Yes, sir.

Mr. MILLER. Have you continued to use that privilege?

Mr. HINTON. I have practically discontinued it for six or eight months, but up to that time I used it.

Mr. MILLER. Did you find that reservation advantageous, or not?

Mr. HINTON. I did not.

Mr. MILLER. For what reason?

Mr. HINTON. Well, the additional expense of operating logging trains on the same line with trains of another company about offset the advantage of the use of the track.

Mr. MILLER. Did you then build into this same territory another logging railroad?

362* Mr. HINTON. We built about eight or nine miles of road, practically through the same body of timber.

Mr. MILLER. Captain Hinton, what character of lumber do you ship into this Central Traffic territory?

Mr. HINTON. All dressed lumber; all manufactured stock.

Mr. MILLER. How have your prices tended in the last year or two?

Mr. HINTON. There has not been much variation for perhaps two and a half years on the prices we were obtaining f. o. b. at the mill, until this advance in the rate, of two cents, which has affected prices to that extent.

Mr. MILLER. You have not, then, been able to make this advance out of your trade?

Mr. HINTON. I do not know of a single instance where we collected the advance. We put out a new list at once, quoting an advance equivalent to this advance in the rate, giving our customers the reasons that compelled us to do so, but I don't think we succeeded in making a single sale.

Mr. MILLER. What kind of cars do you generally use in the shipment of lumber?

Mr. HINTON. Very large box cars.

Mr. MILLER. What do you use flat cars at all for?

Mr. HINTON. Why, there are times when we do a little business in green lumber—we use open cars.

Mr. MILLER. In loading cars, do you find it most convenient to use flat or open cars?

Mr. HINTON. You mean flat or gondola cars?

363* Mr. MILLER. I mean open cars when I say flat cars.

Mr. HINTON. Most advantageous to load flat cars. It is cheaper to load flat cars than box cars; but when it comes to the question of stock lumber—dressed lumber—it loads just about as well in box cars.

Mr. MILLER. Do you handle many flat cars at all?

Mr. HINTON. Very few.

Mr. MILLER. Some of these open cars are gondola cars?

Mr. HINTON. Yes, sir; usually.

Mr. MILLER. They are used by the railroads in hauling coal, are they?

Mr. HINTON. Why, they show evidence of having been used for hauling coal.

Mr. MILLER. Do you know of any equipment—empty equipment—coming south for the purpose of taking lumber back north?

Mr. HINTON. These cars come to us empty. I don't know to what extent they come south.

Mr. MILLER. In what direction do they come?

Mr. HINTON. The Mobile & Ohio cars come to us at Meridian and the Illinois Central at Jackson. Those are the two systems whose cars we use principally.

Mr. MILLER. You don't know whether they have been billed south, with coal for New Orleans—the Illinois Central cars—and then sent up to Jackson?

Mr. HINTON. No; I only know they are used for carrying coal before coming to us, because they usually contain a little slack
364* coal in the bottom. Of course I have seen, on those two roads, large quantities of gondola cars loaded with coal, coming south.

Mr. MILLER. How near do you come to loading cars to their marked capacity?

Mr. HINTON. It is our custom to load them to the marked capacity.

Mr. MILLER. So far as your business is concerned, there is no complaint about your weights by the railroads?

Mr. HINTON. No, sir; that complaint is more likely to come the other way on account of the scarcity of cars.

Mr. MILLER. Captain, in your long experience as a mill man and in the lumber business, have you had frequent occasion to make claims for damages—damage done to lumber on account of collisions, accidents, or otherwise, while in transit?

Mr. HINTON. I only remember one or two instances in the eighteen years I have been in business; I don't remember the amount of the claims, but I don't remember of having collected any. I remember making one or two claims where some of my customers had deducted a little on account of broken lumber.

Mr. MILLER. Have you been trying to cultivate the export business since the advance in rate?

Mr. HINTON. Yes, sir; we have increased our export business from about forty per cent, that we did formerly, up to about sixty or seventy per cent.

Mr. MILLER. You have increased it from forty up to about sixty or seventy per cent?

Mr. HINTON. Yes, sir.

365* Mr. MILLER. How far is it from your place to Gulfport?

Mr. HINTON. Sixty miles.

Mr. MILLER. How long have you had facilities at Gulfport for the handling of export business?

Mr. HINTON. About a year. I guess they have had limited facilities a great deal longer than that, but they have had ample facilities for good, economical handling, for about a year.

Mr. MILLER. How do you estimate the value of stumpage in your section?

Mr. HINTON. I suppose stumpage, like everything else, is worth what it would sell for. There have been quite a number of sales on the basis of $3.00 stumpage, in that section of the country. I believe we sold logs to one or two plants, that would make higher stumpage than that.

Mr. MILLER. Well, does the price diminish as you go back from the railroad, or has that been the case?

Mr. HINTON. Yes, it will necessarily diminish in proportion to the cost of moving it and getting it to the line of transportation.

Mr. MILLER. When a man buys timber, if he manufactures at a mill on the main line, the timber being remote from the railroad, he

figures on the cost of building and operating a logging road for the purpose of bringing it in?

Mr. HINTON. Undoubtedly the manufacturer in determining the price to be charged for his product would figure as a part of his expenses, the cost of building a road to bring the timber to his
366* mill. We always do, and I shouldn't think there would be any one who would not consider that as a part of the cost of running a manufacturing plant.

Mr. MILLER. Captain Hinton, did you make any demand on these railroads, at any time, that you should be allowed a tap line division in order to put you on a basis with roads elsewhere, or shippers elsewhere?

Mr. HINTON. Yes, sir.

Mr. MILLER. How long ago was that, and what was done about it?

Mr. HINTON. I think Mr. Gardiner's testimony tells that story pretty well. We have all been more or less engaged in an endeavor to have ourselves placed on an equality with those on the west side of the river, and we think if it is a legal proposition there, that we should be given the benefit of it on this side.

Mr. MILLER. So far as the mill men are concerned, was there any substantial difference in the situation between the east and west side of the river, as to the expense of handling logs?

Mr. HINTON. There is no more reason to make such an allowance to the manufacturer on the west side of the river than there is to accord it to one on the east side.

Mr. MILLER. The expense is precisely the same?

Mr. HINTON. Practically the same.

Mr. MILLER. It is an element of expense to the manufacturer?

Mr. HINTON. Yes, the logging of the mill is a part of the cost of manufacturing that timber into lumber.

367* Mr. MILLER. And you always figure that in your operating expenses?

Mr. HINTON. Yes, sir.

Cross-examination.

Mr. BOWERS. You made your arrangements to go into the export business, a year ago, did you not, Mr. Hinton?

Mr. HINTON. According to my recollection, my first effort to work up an export trade was a little more than a year ago, now.

Mr. BOWERS. You turned your attention to that branch of the business, as I said, more than a year ago, and went over on the other side and made your connections, lumber connections, there?

Mr. HINTON. I was over there on a visit, the matter came up incidentally and we investigated it and I came to the conclusion that there might be a market over there. I found a market for only high-grade lumber, but, owing to the class of stock that goes to South America, Cuba, and other portions of that country, up to about a year ago it was not profitable to ship there, because we could get a good price in the interior market, but the decline in that market, because of advanced rates, has made the other business more profitable, more desirable, and, with reasonable rates, we have taken up a class of business within the last three months that we never cared to handle before.

Mr. BOWERS. You were making arrangements to turn your attention to this foreign business before that, were you not?

Mr. HINTON. Yes, sir; but the demand there is only for
368* high-grade lumber; a demand which doesn't exceed twenty-five per cent of the production of the mill.

Mr. BOWERS. Mr. Hinton, hasn't the market in Cuba and some of the South American Republics grown up in the last few months for inferior stock?

Mr. HINTON. I can't say as to that, but I know of some manufacturers in Mobile who have done nothing but market their low-grade lumber in Cuba and the South American States and their high-grade stock in Europe for a number of years, and who I believe have done a prosperous business.

Mr. BOWERS. The contract or arrangement you referred to in regard to the Columbia branch of the Gulf & Ship Island Railroad is practically the same as that which Messrs. Eastman, Gardiner & Co. had, is it not?

Mr. HINTON. Drawn by the same attorney, and practically the same contract, I believe.

Mr. BOWERS. Mr. Hinton, what do you claim it costs you to manufacture dressed lumber?

Mr. HINTON. About the average labor cost from the time it leaves the sawmill until it reaches the switch is about $2.50 a thousand.

Mr. BOWERS. I mean from the time it leaves the woods until it is dressed and ready for shipment.

Mr. HINTON. Well, including the value of the stumpage?

Mr. BOWERS. Yes, sir.

Mr. HINTON. About $10.50.

369* Mr. BOWERS. How is that divided?

Mr. HINTON. Well, we figure that our logs are worth about $6.00; then there is the stumpage and the cost of putting them in the yard.

Mr. BOWERS. What do you figure your stumpage at, first?

Mr. HINTON. Well, from $3.00 to $3.50. As a matter of fact, I own one mill in which I am buying logs at $6.00, and I have another contract with another mill in which I sell at $6.00. I saw the logs up and we use that as a basis, charging the logs to them at $6.00.

Mr. BOWERS. That is delivered at the mill?

Mr. HINTON. Yes, sir.

Mr. BOWERS. Now, then, what does it cost to manufacture?

Mr. HINTON. It costs us about $1.50 to put it through the mill, and then it costs about $2.50 to take it from the sawmill through the dry kiln, sort the boards, handle, and load. That carries us to about $10.00; I said $10.50.

Mr. BOWERS. You said you had a new list sent out, Mr. Hinton, to your customers.

Mr. HINTON. Yes, sir.

Mr. BOWERS. Have you furnished the Commission with a price list for the last three years?

Mr. HINTON. I can furnish that.

Mr. BOWERS. Will you do it?

Mr. HINTON. Yes, sir.

Mr. BOWERS. Now, you say you have gone into this export
370* business, and I will ask you how those prices that you get on that export business compare with the prices that you formerly got, and your profits.

Mr. HINTON. Well, it's a little better since I opened a new line of business and established our connections.

Mr. BOWERS. You mean it's better, and that you get more profit from this export business?

Mr. HINTON. I mean I get better results from the export business.

Mr. BOWERS. Than you did under the former adjustment of freight rates to the central traffic territory?

Mr. HINTON. I didn't say that; I said I got better results than I do under the present conditions.

Mr. BOWERS. Then I will ask you whether or not the prices you are getting do not make the business more remunerative, and to an extent that offsets the advance in rates?

Mr. HINTON. I do not care to go into the details of my private business, and your questions seem to require more accurate figures than I would care to give.

Mr. MILLER. What did that answer have reference to?

Mr. HINTON. As I understood it, what he wanted to get at was an idea of how much better I was doing by exporting lumber, and it is not customary for any man in the manufacturing business to publish just what results he is getting in his own certain territory as compared with certain other territory. The idea that I wish to convey was that we found it advantageous to secure this other trade after the advance made in the rail rate.

371* Mr. BOWERS. The completion of the export facilities at Gulfport naturally had a tendency to divide the business and send out shipments for export that had heretofore been sent inland?

Mr. HINTON. So far as the class of timber to which I have already referred was concerned, but it only affected that particular class.

Mr. BOWERS. Those export facilities would have affected the movement independently of any increase in the rate?

Mr. HINTON. Well, it was changed, as I said, about a year ago; we changed the shipments of the better class of timber, and it would have that tendency whether there had been any advance in the rate or not.

Mr. BOWERS. When was your mill burned, Mr. Hinton?

Mr. HINTON. The 4th of February.

Mr. BOWERS. And the cut of that mill was what?

Mr. HINTON. About 35,000,000 a year.

Mr. BOWERS. That required about how many cars?

Mr. HINTON. I think we used last year about 2,500 or 2,600 cars.

A. H. STEVENS, a witness called on behalf of complainants, having been duly sworn, testified as follows:

Mr. MILLER. Where do you live, Mr. Stevens?

Mr. STEVENS. Estabutchie, Mississippi.

Mr. MILLER. Are you in the lumber business?

372* Mr. STEVENS. Yes, sir.

Mr. MILLER. What is your company?

Mr. STEVENS. The Eureka Lumber Company.

Mr. MILLER. Are you a member of the Central Yellow Pine Association?

Mr. STEVENS. Yes, sir.

Mr. MILLER. What railroad are you on, Mr. Stevens?

Mr. STEVENS. Our mill is located on the main line of the New Orleans & Northeastern.

Mr. MILLER. How far back is your timber from the main line of this road?

Mr. STEVENS. We are cutting, now, about 18 miles from the mill.

Mr. MILLER. You operate a logging plant?

Mr. STEVENS. Yes, sir.

Mr. MILLER. Are you allowed tap-line divisions on account of your logging railroad?

Mr. STEVENS. No, sir.

Mr. MILLER. Ever have any agreement of that sort?

Mr. STEVENS. No, sir.

Mr. MILLER. Where do you ship the bulk of your product?

Mr. STEVENS. Well, we have done altogether an interior business. We have never bothered with exports at all.

Mr. MILLER. And to what section of the country does your lumber go, as a rule?

373* Mr. STEVENS. We had, prior to the advance in the rate, quite a large business up in Wisconsin, Nebraska and that territory. and into Indiana, Illinois, and Ohio, principally, and since the advance in rates we find we have had to seek markets south of the Ohio River for low grades. Our shipments to points west of the Mississippi have been almost annihilated, and into Indiana, Illinois, and Ohio they have remained just about the same; practically no change in that territory.

Mr. MILLER. Well, what is the annual average output of lumber from your mill?

Mr. STEVENS. We haven't run our mill long enough to give you an annual average. I could state that last year our business year ending October 1st was the first solid year that we have been running the mill.

Mr. MILLER. What did it amount to then?

Mr. STEVENS. 15,000,000 feet, but we think we are going to exceed that during the present year; probably eighteen or twenty million.

Mr. MILLER. Well, now, have you made any observations along the trend that you perhaps suspicion, to justify you in stating to the Commission whether or not you have been making a loss from the old prices since this rate went into effect?

Mr. STEVENS. Yes; I anticipated I would have to answer that question, and I looked it up in order to be able to do so.

Mr. MILLER. What was the result of your investigations?

Mr. STEVENS. We figure that, since May 1st to December 1st, we got just forty-two cents a thousand less on all our shipments, the average, than we did for the corresponding months of the year before.

374* Mr. MILLER. And that corresponds to the period of this advance in the rate?

Mr. STEVENS. Yes, sir.

Mr. MILLER. What kind of cars do you generally use in your shipments?

Mr. STEVENS. Well, I presume we use something like seventy-five per cent of box cars and the balance are open cars.

Mr. MILLER. When you say open cars, do you mean gondolas or flats?

Mr. STEVENS. Principally gondolas; once in a while we get some flats.

Mr. MILLER. Well, in respect to loading these cars, how near do you come to their stencilled capacity?

Mr. STEVENS. As a general rule, we load the capacity of the cars—the open cars; load up to their capacity, and, in fact, we have on a good many occasions been compelled to pay a penalty for overloading slightly where they were cars of low capacity, but the box cars, as a rule, I would say we average something like 45,000 pounds, 30,000 being the minimum. That is owing to the fact that a great many of the cars that are given us are so small in cubic contents as not to be able to contain a sufficient amount of lumber to bring the load up to the full weight.

Mr. MILLER. That's the only reason why they are not fully loaded, is it?

Mr. STEVENS. As a general rule it is, and there are other oc-
375* casions, of course, where a man orders a minimum load of stuff, and in that event we would ship him a minimum load, no matter what kind of cars.

Mr. MILLER. When you fall below the minimum, you then have to pay freight up to what?

Mr. STEVENS. Up to the minimum.

Mr. MILLER. Well, now, have you made any estimate of the cost of equipping open cars?

Mr. STEVENS. Well, I have in a rough way.

Mr. MILLER. And what have you figured it at?

Mr. STEVENS. I conclude that about $5.00, on the average, will cover the market value of the lumber used, and then the freight to destination, on an average, say, twenty-five or twenty-six cents—the freight rate.

Mr. MILLER. And the labor?

Mr. STEVENS. Labor and equipment, about $5.00 a car.

Mr. MILLER. Well, now, in respect to damage or injury to the lumber in transit, what has been your experience in that respect?

Mr. STEVENS. I don't think we ever made a claim for damaged lumber in transit.

Mr. MILLER. Never have made a claim for damage?

Mr. STEVENS. We have made claims for shortage where the car would arrive at destination, being transferred en route for some reason, and not contain the original amount shipped.

Mr. MILLER. So that, if the railroads state that lumber is
376* liable to destruction and great injury in transit, that's a mistake, so far as your knowledge goes?

Mr. STEVENS. From my point of view; yes, sir.

Cross-examination:

Mr. BOWERS. Will you state the items that go to make up the cost of equipping a car.

Mr. STEVENS. Equipping an open car?

Mr. BOWERS. Yes, sir.

Mr. STEVENS. Well, we have to put in stakes, you know, and those stakes are required whether the car is a gondola or flat car. They call

for four on each side in ordinary cases, and some times more, but we are required to put in four stakes on each side of the car, no matter what kind of a load we are shipping.

Mr. BOWERS. I don't mean the amount of equipment. What I meant was the amount in dollars and cents. How many feet of lumber is usually consumed in equipping an open car?

Mr. STEVENS. Well, I don't know that I have got that sufficiently, Mr. Bowers. I would rather give it to you and let you figure it up. We usually use 4 by 4 for stakes.

Mr. BOWERS. How long?

Mr. STEVENS. We cut them ten feet long. They are supposed to go eight feet above the floor of the car. Some times they have to be cut off. There are never less than eight of those, and they have to be good lumber, a good quality of lumber. There is a considerable
377* strain on them at times, and, in addition to that, there are binders, 1 by 4.

Mr. BOWERS. How many of those?

Mr. STEVENS. Four.

Mr. BOWERS. How long?

Mr. STEVENS. They have to be ten feet.

Mr. BOWERS. What else?

Mr. STEVENS. There are nails and labor.

Mr. BOWERS. How much do you estimate the labor on each car?

Mr. STEVENS. Oh, I suppose ten or fifteen cents would cover the labor on it.

Mr. BOWERS. What do you figure the lumber per thousand—the cost of the lumber?

Mr. STEVENS. That lumber is worth, probably, at the mill, $11.00—$11.50 per thousand.

Mr. MILLER. Do you include bearing strips in your estimate?

Mr. STEVENS. No; I have not. Those we do not use in all cases, and in some cases we do. Usually, in cases where it is required, we have to put something on the floor for bearing pieces, but that is not the universal custom.

Mr. MILLER. How many strips did you say were used?

Mr. STEVENS. For bearing pieces there are two of these for each post, as a rule.

Mr. MILLER. That would make eight?

Mr. STEVENS. Yes; that would be eight.

378* R. W. HINTON, a witness called on behalf of complainants, having been duly sworn, testified as follows:

Mr. MILLER. Where do you live?

Mr. HINTON. Lumberton, Mississippi.

Mr. MILLER. What sort of business are you engaged in?

Mr. HINTON. Sawmill business, sir.

Mr. MILLER. Is yours a company?

Mr. HINTON. Yes, sir.

Mr. MILLER. A member of this Central Yellow Pine Association?

Mr. HINTON. Yes, sir.

Mr. MILLER. What is the average output of the mill that you are connected with?

Mr. HINTON. For the present year it will run about ten or eleven million. We have increased it some this year.

Mr. MILLER. Have you been specially affected by this advance on yellow-pine lumber rate to the Ohio River and crossings?

Mr. HINTON. I think so.

Mr. MILLER. In what particular?

Mr. HINTON. Well, we think we have been hurt to the amount of the advance, from our experience in marketing lumber.

Mr. MILLER. Captain Hinton, did you make any time sale of lumber in Chicago last year before this rate took effect—before you had any notice of it?

Mr. HINTON. Yes, sir; we had a time sale of lumber made last winter.

379* Mr. MILLER. To the McCormacks?

Mr. HINTON. Yes, sir.

Mr. MILLER. What was the amount of it?

Mr. HINTON. 1,600,000 feet.

Mr. MILLER. What sort of lumber?

Mr. HINTON. What is known as "pole-stock" lumber; such lumber as is generally used in the manufacture of harvesting machinery.

Mr. MILLER. Well, now, did you make that sale with reference to the freight rate then in existence?

Mr. HINTON. Yes, sir; we certainly did.

Mr. MILLER. What reason had you to believe that that rate was going to continue, and that you would be justified in counting on that?

Mr. HINTON. Well, sir, we had reason to believe that the railroad business was prosperous, and we had heard no intimation of their raising the rate. If we had we could not have entered into the contract we did at the price we did.

Mr. MILLER. Was it a matter of general notoriety that the railroads were actually prospering to an extent beyond their previous experience?

Mr. HINTON. That was my understanding.

Mr. MILLER. That they were improving their physical condition with the view of extending their operations?

Mr. HINTON. That's the way I understood it.

Mr. MILLER. And on the strength of that and your belief that the rate would certainly not be raised, you ventured to

380* make a contract to supply those people during the year with 1,600,000 feet of lumber?

Mr. HINTON. Yes, sir; to be distributed there during the year.

Mr. MILLER. Mr. Hinton, what do you fix the value of stumpage at in your country?

Mr. HINTON. Well, sir, we paid of late as much as $2.00 a thousand for stumpage; I think its worth more than that in some instances; in fact I feel sure it is.

Mr. MILLER. What kind of cars do you use in shipping lumber?

Mr. HINTON. We use both open and closed cars.

Mr. MILLER. In what proportions?

Mr. HINTON. Well, sir, its a little hard to say; I am not so familiar with that part of the business. I have a man who looks after that part of the business; one who attends to the shipping.

Mr. MILLER. You don't attend to the shipping?
Mr. HINTON. No, sir; I don't.
Mr. MILLER. You know what it costs to equip those open cars?
Mr. HINTON. Only in a general way.
Mr. MILLER. What is your understanding?
Mr. HINTON. I think it costs us nearly $5.00.
Mr. MILLER. That includes freight?
Mr. HINTON. That's the freight, and I should add that, in loading these cars, that in addition to the number of pieces that were
381* mentioned in the Stevens testimony, we use as many as four, very often, in the bottom of the car of 4 by 6 pieces.
Mr. MILLER. Why don't the railroads have a permanent equipment for the lumber traffic in open cars?
Mr. HINTON. Why do they not?
Mr. MILLER. You know of any reason why they should not have?
Mr. HINTON. Their main reason for not having it, I suppose, is because we have been furnishing it ourselves, and it seems to be the cost of between $4.00 and $5.00 is to them a reason why they should not, though I don't see any reason why they shouldn't.
Mr. MILLER. The matter didn't seem to them to be of sufficient importance to warrant their taking up that sort of proposition?
Mr. HINTON. No, sir.
Mr. MILLER. You mean to say that this lumber that goes out in the shape of equipment is entirely lost?
Mr. HINTON. It is to the shipper. We never hear of it any more, unless we get complaints that it was not good and gave way while in transit.
Mr. MILLER. You know whether the consignee figures on getting that for himself?
Mr. HINTON. No, sir; I don't know whether he figures on that.
Mr. MILLER. Has your price for lumber at the mill been advanced or diminished within the last year or two?
Mr. HINTON. Well, sir, its about the same. I have a man
382* who does that detail work, but I, as president of our company, understand it to be about the same.
Mr. MILLER. Well, have you been able to meet this advance in the rate?
Mr. HINTON. No, sir; we have not.
Mr. MILLER. Your prices have not been raised to meet this advance in the rate?
Mr. HINTON. We haven't been able to get a raise to meet it; no, sir.
Mr. MILLER. And on the time contract you spoke of you say you have absolutely lost this advance?
Mr. HINTON. Yes, sir.
Mr. MILLER. Was that contract figured on a close margin, or not?
Mr. HINTON. Well, yes, sir; those contracts were all for a year, and they were necessarily figured on a close margin.
Mr. MILLER. Could you make that same contract now at the present rate?
Mr. HINTON. I wouldn't want to do it; I wouldn't do it.
Mr. MILLER. What about loading cars—do you load cars to their full capacity, or not?
Mr. HINTON. Well, yes; we are supposed to, and invariably do it.

Mr. MILLER. Have you ever had any complaints from the railroads regarding failure to load cars to their full requirement?

Mr. HINTON. Not that I have any recollection of, sir. The
383* fact that there was a scarcity of cars would necessarily force us to take advantage of all the space we could get.

Cross-examination:

Mr. BOWERS. That contract you spoke of: was it not for pole stock?

Mr. HINTON. That is part of a pole-stock company's contract with the same harvesting manufacturing company.

Mr. BOWERS. In Chicago?

Mr. HINTON. Yes, sir.

Mr. BOWERS. What was the price at which the contract was taken?

Mr. HINTON. Our price was $25.00, delivered in Chicago.

Mr. BOWERS. And taking the freight from that, how much does it make that at the mill?

Mr. HINTON. Well, sir, the freight, the weight of it was about 4,500 pounds, at the Chicago rate, if you will figure it out there.

Mr. BOWERS. And the Chicago rate is what?

Mr. HINTON. Twenty-six cents now.

Mr. BOWERS. What is the date of your contract?

Mr. HINTON. The contract was made last winter.

Mr. BOWERS. About what time?

Mr. HINTON. Well, now I don't remember just what time, but it was something like this time of the year, probably.

Mr. BOWERS. The price was how much in Chicago—$25.00?

Mr. HINTON. We got $25.00; yes, sir. Mr. Clifford tells me the freight on 4,500 pounds is $11.70, being $13.30 at the mill.

384* Mr. BOWERS. This was a contract for pole stock, wasn't it?

Mr. HINTON. A. Yes, sir.

Mr. BOWERS. Pole stock can be manufactured out of small trees, can't it?

Mr. HINTON. Pole stock is manufactured out of what we call "butts," the best timber that we have. It's not the largest timber that we have, but it's the best.

Mr. BOWERS. You can use for the manufacture of pole stock trees smaller in diameter than are used for the ordinary manufactured mill lumber?

Mr. HINTON. No, sir; you can't.

Mr. BOWERS. Isn't it a fact that the pole-stock lumber to fill this contract was made up of a large lot that came off a shorter cut of land?

Mr. HINTON. I couldn't say about that, sir.

Mr. BOWERS. Now, coming to the equipment of cars, will you give me the items that enter into the cost of $5.00 a car in equipment of these open cars?

Mr. HINTON. Well, there are four pieces that go in the bottom of the car.

Mr. BOWERS. That's in addition to the pieces that were mentioned by Mr. Stevens?

Mr. HINTON. Yes, sir.

Mr. BOWERS. Mr. Stevens is correct about the eight stakes, 4 by 4, 10 feet long, four strips, 4 by 4, 10 feet long?

Mr. HINTON. Yes, sir; but he didn't mention all the strips
385* necessary; at least I understood he only mentioned four strips.

Mr. BOWERS. He didn't mention all of those, I understand.

Mr. HINTON. Four pieces, 6 by 8, in the bottom.

Mr. BOWERS. How long?

Mr. HINTON. About 8 feet long.

Mr. BOWERS. Next?

Mr. HINTON. Then the eight stakes.

Mr. BOWERS. Yes, sir.

Mr. HINTON. 4 by 4.

Mr. BOWERS. How long?

Mr. HINTON. Well, they are rather long—10 feet; they require at least 8 feet, and it's cut out of 10-foot pieces.

Mr. BOWERS. Well, what after that? I have got the pieces on the bottom and the stakes.

Mr. HINTON. Then two strips to each pair of stakes; they are either 4 or 6 inch timber.

Mr. BOWERS. Give me the number of these strips; how many?

Mr. HINTON. We will say there are eight, 1 by 6, 10 feet long. If it is a gondola car we are loading, we use strips on the side to keep these standards standing up in position, erect, so they will not go from one side to the other or shift their position. These pieces are called braces.

Mr. BOWERS. Do the rules of the Master Car Builders' Association require any such stripping on the side as you have described?

Mr. HINTON. Both of our agents require it.

Mr. BOWERS. I am not speaking of the agents. Do the
386* Master Car Builders' rules require it?

Mr. HINTON. I couldn't answer as to that; I don't remember what the rules are.

Mr. BOWERS. What are those 6 by 8 pieces used for?

Mr. HINTON. Well, they are not invariably put there, but often they are.

Mr. BOWERS. What is the object of putting them there, when you do?

Mr. HINTON. When you use a gondola, you want to raise it above the door, and you necessarily have to have it where the ends of the door are laid down; and then in loading double cars you have to do it.

Mr. BOWERS. What is the object in loading double cars?

Mr. HINTON. Where the timber is longer than the car.

Mr. BOWERS. What is the value of this lumber used for this purpose?

Mr. HINTON. Ought to be worth $10.00 a thousand.

Mr. BOWERS. What is the value of the labor?

Mr. HINTON. Well, the labor don't amount to much; fifteen to twenty-five cents, I think it is.

Mr. BOWERS. And the nails?

Mr. HINTON. Five cents, I guess.

387* H. A. CAMP, a witness called on behalf of complainants, having been duly sworn, testified as follows:

Mr. GREEN. Mr. Camp, are you a member of this Central Yellow Pine Association?

Mr. CAMP. Yes, sir.

Mr. GREEN. Where is your mill?

Mr. CAMP. I have no mill in operation now. I am not manufacturing at present; I am buying now.

Mr. GREEN. How long since you had a mill in operation?

Mr. CAMP. A very few months; a couple of months.

Mr. GREEN. You are buying lumber now?

Mr. CAMP. Yes, sir; I am buying now instead of manufacturing.

Mr. GREEN. What became of your mill?

Mr. CAMP. I sold them; sold all our three mills.

Mr. GREEN. When did you sell them?

Mr. CAMP. I sold them during the present year.

Mr. GREEN. Well, did you have a logging road to these mills?

Mr. CAMP. No, sir.

Mr. GREEN. How were they supplied with logs?

Mr. CAMP. Supplied by teams hauling direct from the woods to the mill.

Mr. GREEN. What was the capacity of your mills?

Mr. CAMP. Well, the mill capacity of the three mills, I suppose, was about something like 12,000,000 feet.

388* Mr. GREEN. Did you have a contract, before this rate went into effect, for a large amount of lumber?

Mr. CAMP. Before this two cents advance?

Mr. GREEN. Yes, sir.

Mr. CAMP. Yes, sir.

Mr. GREEN. How much had you sold in advance?

Mr. CAMP. I sold last winter, for delivery during this year, about 10,000,000 feet.

Mr. GREEN. Upon what basis did you make that sale, the rate then in effect, or a prospective change?

Mr. CAMP. The rate then in effect.

Mr. GREEN. What intimation, if any, did you have of any prospective change of rate by the railroads at that time?

Mr. CAMP. I had none at that time.

Mr. GREEN. State whether or not you had reason to believe that the rates then in effect would remain stationary when you made this large contract.

Mr. CAMP. I think I had good reason to believe they would remain stationary. In fact, it never entered my mind that they would do anything of that nature.

Mr. GREEN. When was that lumber to be delivered under that contract?

Mr. CAMP. During this year.

Mr. GREEN. State whether or not you lost on that contract by reason of the change in rate; and if so, to what extent?

Mr. CAMP. Well, I figure that the advance of two cents in the
389* rate on the class of material that I sold, delivered in Chicago, which is green pole stock, is very near $1.00 per 1,000 feet, and the advance in rate would make a difference, on 10,000,000 feet, is nearly $10,000.

Mr. GREEN. What was your experience, Mr. Camp, in respect to the movement of lumber during the latter part of 1902 and 1903, as to the supply of cars that were given the shippers of lumber?

Mr. CAMP. Well, there was a shortage of cars a year ago, and I think there has been a greater shortage than that; a greater shortage for the last few months than there was a year ago.

Mr. GREEN. As to the congestion of cars last winter?

Mr. CAMP. I think there was a greater congestion of cars a year ago than there has been since.

Mr. GREEN. What effect upon the revenues of the railroad companies would your observations lead you to believe existed by reason of the congestion of cars in this section last winter?

Mr. CAMP. Well, I could hardly give an estimate of about what per cent, but it seems to me there would be considerable loss, because if they could have gotten those cars through the gate ways—Meridian, Jackson, and other points—from our territory, they could have reloaded those cars, and, of course, had the use of them, which would have been more profitable to their business.

Mr. GREEN. They lost the use of the cars by reason of this
390* congestion; they returned the cars back and forth, did they not, during the period of congestion?

Mr. CAMP. Yes, sir; I think it was more expensive to handle them at the junction points on account of the congestion.

Mr. GREEN. All the fixed charges of the railroads continued, notwithstanding the congestion—that is to say, their income cut off without any corresponding decrease in expenses?

Mr. CAMP. Yes, sir.

Mr. MILLER. The wages of their employees went on, and their other expenses while these trains were idle at the railroad stations?

Mr. CAMP. Yes, sir.

Cross-examination:

Mr. BOWERS. This contract that you referred to for this pole stock material, was that a similar contract to the one testified to by Mr. Hinton a little while ago?

Mr. CAMP. Yes, sir; the same people.

Mr. BOWERS. Was your price the same as his—$25.00 a thousand?

Mr. CAMP. Yes, sir.

Mr. BOWERS. And the stock shipped, you say, was the same kind of stock?

Mr. CAMP. Yes, sir.

Mr. BOWERS. When was it that you made your contract—about what month?

Mr. CAMP. Last winter.

Mr. BOWERS. What month?

Mr. CAMP. We made a contract for some of it in the early
391* part of the winter, and some of it, I think, late in January and February. I don't think we contracted any after February.

Mr. BOWERS. Did you contemplate the delivery of the timber—the 10,000,000 feet—during this year 1903?

Mr. CAMP. Yes, sir.

Mr. BOWERS. Well, now, at the time that you made that contract you didn't consider whether rates would be raised or lowered, did you?

Mr. CAMP. No, sir. I made various contracts. I made the heaviest contracts early in the winter, and some later on with other companies in January and February.

392* W. N. BUTTERFIELD, a witness called on behalf of complainants, having been duly sworn, testified as follows:

Mr. GREEN. Mr. Butterfield, what mill plant are you connected with?

Mr. BUTTERFIELD. The Butterfield Lumber Company (Limited).

Mr. GREEN. Where is your plant located?

Mr. BUTTERFIELD. Northfield, Mississippi.

Mr. GREEN. On what railroad?

Mr. BUTTERFIELD. The Illinois Central.

Mr. GREEN. You are a member of the Central Yellow Pine Association?

Mr. BUTTERFIELD. Yes, sir.

Mr. GREEN. Have you, or not, a railroad connected with your plant?

Mr. BUTTERFIELD. Yes, sir.

Mr. GREEN. A chartered railroad?

Mr. BUTTERFIELD. Yes, sir.

Mr. GREEN. Connects with the Illinois Central Railroad?

Mr. BUTTERFIELD. Yes, sir.

Mr. GREEN. What arrangements has your company with the Illinois Central for a division of rates?

Mr. BUTTERFIELD. None at all.

Mr. GREEN. Do they allow you, or not, any division upon freights, other than lumber or logs, that you haul from Northfield into the interior?

393* Mr. BUTTERFIELD. No divisions of any kind, either on lumber, logs, or otherwise.

Mr. GREEN. You are a common carrier, are you not?

Mr. BUTTERFIELD. Yes, sir.

Mr. GREEN. Chartered under the laws of the State of Mississippi, your railroad, is it not?

Mr. BUTTERFIELD. Yes, sir.

Mr. GREEN. They won't allow you a division on account of your common carrier business, then?

Mr. BUTTERFIELD. No, sir.

Mr. GREEN. How far do you carry it?

Mr. BUTTERFIELD. Twenty-five miles.

Mr. GREEN. What is the capacity of your mill?

Mr. BUTTERFIELD. Our mill we figure at 100,000 a day; I should say 25,000,000 a year.

Mr. GREEN. Is it located near the Illinois Central?

Mr. BUTTERFIELD. Right on the Illinois Central Railroad.

Mr. GREEN. What company handles the switching in and out of your mill?

Mr. BUTTERFIELD. The Illinois Central.

Mr. GREEN. State whether or not there is another sawmill located on the line of your railroad?

Mr. BUTTERFIELD. Yes, sir; one.

Mr. GREEN. What arrangements, if any, in the way of divisions, does the Illinois Central allow in respect to this mill and its product?

Mr. BUTTERFIELD. None at all.

394* Mr. GREEN. This mill pays the local freight rate on your road to the Illinois Central, the regular rate to the junction point with the Illinois Central, and then the latter's rate to the north?

Mr. BUTTERFIELD. Yes, sir.

Mr. GREEN. Have you ever endeavored to arrange this matter between your road and the Illinois Central?

Mr. BUTTERFIELD. We have asked them several times, both in writing and personally, for tariff arrangements between the two roads for other than our logging business.

Mr. GREEN. Well, what reason did they give for not allowing it?

Mr. BUTTERFIELD. I, personally, haven't had that matter in charge.

Mr. GREEN. Well, from your business knowledge of the affairs of your company?

Mr. BUTTERFIELD. They simply say they can't do it, is the way I understand it.

Mr. GREEN. Do you know of any road that the Illinois Central allows any logging tap line divisions to, on its line?

Mr. BUTTERFIELD. Not that I know of.

Mr. GREEN. What has been the effect upon your business of this two cent advance in the rate in regard to prices?

Mr. BUTTERFIELD. It has forced us to take a certain kind of business that it is very difficult to keep, and it has lost us a certain
395* character of business that we would have gotten had it not been for that.

Mr. GREEN. I understand you were not able to meet the competition?

Mr. BUTTERFIELD. In certain localities, and in other localities, we have been forced to sell lumber at the same price as before the advance.

Mr. GREEN. In what localities have you lost business?

Mr. BUTTERFIELD. In Minnesota and Iowa.

Mr. GREEN. Those are the States into which the lines from the Arkansas side have the advantage, are they?

Mr. BUTTERFIELD. Yes, sir.

Com'r PROUTY. Have they any greater advantage now than they had before the advance in the rate?

Mr. BUTTERFIELD. I don't know. I understand there has been an advance of more than two cents into that territory——

Com'r PROUTY. At any rate you have to pay more in proportion, now, than previously?

Mr. BUTTERFIELD. Yes, sir.

Mr. GREEN. And the effect of the present rates on the east side of the river, into that territory, has been to exclude you from territory that you formerly did business in?

Mr. BUTTERFIELD. To that extent, or we would have to lower our prices to meet the competition.

Mr. GREEN. Which you couldn't do?

Mr. BUTTERFIELD. Which we couldn't afford to do.

Mr. GREEN. Well, now, into the territory east of the Minnesota territory, what has been the effect? Have you been able to get the advance?

396* Mr. BUTTERFIELD. We have been able to get the advance, I presume on account of the fact that every one else has advanced, but we haven't had the amount of business, at least in Wisconsin, that we had before, but whether it's on account of the rate, or not, I don't know.

Mr. GREEN. Is there any other matter, Mr. Butterfield, you would like to state to the Commission?

Mr. BUTTERFIELD. There was one matter touched upon, a question asked a little while ago, about loading cars to capacity; whether we load to capacity or not. We have had some correspondence with the railroad companies in that regard. A great many of our cars are loaded for orders, whether we ask for 30,000, 40,000, 50,000 pounds capacity cars, or even as much as 60,000 pounds. We are requested, when we make requisitions for cars, to give the size of the car we need, and we do, but the scarcity of cars has been such that they would put in a car of 60,000 pounds capacity when we didn't want but 40,000, and therefore we couldn't load that car to its full capacity; the order wouldn't permit of it. There have been a great many instances of that kind, but where the order would permit, we always load to the full capacity.

Mr. GREEN. I understand, then, that for the shipment of your lumber that, in respect to cars, you make requisition upon the Illinois Central Railroad for cars of certain capacity to fill certain orders?

Mr. BUTTERFIELD. Yes, sir.

Mr. GREEN. That's one of their rules, is it?

397* Mr. BUTTERFIELD. That's one of their rules; yes, sir.

Mr. GREEN. And that, at times, by reason of a deficiency of rolling stock, or other reason, they will furnish cars of greater capacity than those for which requisition was made?

Mr. BUTTERFIELD. Yes, sir.

Mr. GREEN. And in that way there is a great deal of discrepancy between the tonnage specified on the car and the actual load?

Mr. BUTTERFIELD. Yes, sir; if we could hold these cars until we could load to the full capacity, it would be different, but very often we get what are called "rush" orders, and these have to be shipped at once. We have to ship them as soon as we get any kind of a car. We can't hold back that order to fill a car, but we have got to ship on the first car we get.

Mr. GREEN. What road furnishes the rolling stock for your road?

Mr. BUTTERFIELD. That we haul?

Mr. GREEN. Yes, sir.

Mr. BUTTERFIELD. The Illinois Central. The mill on our road makes its own requisitions. We simply haul it, only making a charge for hauling freight; we charge nothing for hauling the cars to them.

Mr. MILLER. Who owns the mill out on the line of your road?

Mr. BUTTERFIELD. Owned by B. B. Busby.

Mr. MILLER. And does the Illinois Central furnish cars to go out there for their lumber?

398* Mr. BUTTERFIELD. Yes, sir.

Mr. MILLER. That's all?

Mr. BUTTERFIELD. Yes, sir; and we haul them to the mill after they are delivered to us.

Mr. MILLER. And they refuse to make any division with your road?

Mr. BUTTERFIELD. Yes, sir. We have asked for divisions; and not only that, but we have asked for a tariff arrangement for local freight. There are three post-offices and stores on our line that handle more or less freight, and we could handle more or less cotton if we could secure a division of the rate.

Mr. MILLER. What is the local rate on lumber?

Mr. BUTTERFIELD. Four cents.

Mr. MILLER. So that a man would pay 40 cents to Chicago?

Mr. BUTTERFIELD. Yes, sir; and pays them for the short haul on local business.

Com'r PROUTY. How far is it from the Illinois Central Road to this mill?

Mr. BUTTERFIELD. About ten miles.

Com'r PROUTY. You think the Illinois Central should apply the blanket rate to that mill?

Mr. BUTTERFIELD. On this freight; yes, sir.

Com'r PROUTY. And allow you a division of 4 cents for hauling the lumber to them?

Mr. BUTTERFIELD. Whatever we might agree upon.

Com'r PROUTY. In this case you own the railroad?

399* Mr. BUTTERFIELD. Yes; the corporation owns the railroad, and the Busby company leases it from the corporation.

Com'r PROUTY. Suppose the railroad should belong to this mill that is located 10 miles out; do you think the railroad ought to apply the tariff rate then?

Mr. BUTTERFIELD. Yes, sir; that is to say, it ought to pay them a division of the four-cent rate for getting the lumber down to the main line of the Illinois Central. I think the mill should be placed in a competitive position with other mills on the line of the Illinois Central.

Com'r PROUTY. What difference does it make whether it pays them a division of the four cents for getting this lumber over to the main line or whether it pays the mill a corresponding allowance for the hauling?

Mr. BUTTERFIELD. I think an allowance should be made out of the four-cent rate, as I said, for getting the lumber to the main road.

Com'r PROUTY. You think a division ought to be allowed the short-haul road which brings that lumber in?

Mr. BUTTERFIELD. Yes, sir.

Com'r PROUTY. What is the difference between allowing that mill a division for the transportation of its lumber to the main line and allowing you a division for transporting your logs to your mill?

Mr. BUTTERFIELD. Well, I think you misunderstood me. I do not think the mill ought to have any concession, except that they

400* should have the same rate. The traffic arrangement should be between the logging road and the Illinois Central.

Com'r PROUTY. I understand that; but you said if the mill owned the road. Suppose Mr. Busby owned that railroad, ought he to be allowed a division?

Mr. BUTTERFIELD. I don't know why he should be entitled to it any more than we would; but I think that he should have a through rate to Chicago.

Com'r PROUTY. You think the point is as to whether the mill owns the railroad or whether the railroad is a separate proposition?

Mr. BUTTERFIELD. I think so.

Com'r PROUTY. Didn't you testify at St. Louis?

Mr. BUTTERFIELD. Yes, sir.

Mr. GREEN. In hauling logs to the mill, as I understand it, you are supplying raw material to the mill?

Mr. BUTTERFIELD. Yes, sir.

Mr. GREEN. And in hauling the lumber after it is manufactured from the mill to the road you are hauling freight in the way of lumber already manufactured and in transit, as I understand it?

Mr. BUTTERFIELD. Yes, sir.

Mr. CATCHINGS. Mr. Butterfield, isn't Minnesota much nearer to the Texas and Arkansas mills than it is to the mills east of the river?

Mr. BUTTERFIELD. I don't know positively. It may be a little; but we used to be on the same basis.

Mr. CATCHINGS. Then that territory legitimately belonged
401* to Texas and Arkansas?

Mr. BUTTERFIELD. I don't think it belongs to any particular territory.

Mr. CATCHINGS. Well, is there a rate that keeps it out of Illinois?

Mr. BUTTERFIELD. In certain portions of Illinois, over the Illinois Central, but I understand these are not competitive rates.

Mr. CATCHINGS. Does the Illinois Central give you a rate into that territory?

Mr. BUTTERFIELD. They have a published rate there; yes.

Mr. PRINCE. Do I understand that to certain territory, say, Minnesota, you have been able to get the advance?

Mr. BUTTERFIELD. Yes; around Minneapolis and St. Paul, although we haven't had the same amount of business. Whether its the rate or not, I don't know.

Mr. PRINCE. The demand is not so great?

Mr. BUTTERFIELD. The demand with us has not been so great.

Mr. BAXTER. As I understand it, Mr. Busby doesn't own the road from the mill to the Illinois Central?

Mr. BUTTERFIELD. No, sir.

Mr. BAXTER. He doesn't haul his lumber from the mill to the Illinois Central?

Mr. BUTTERFIELD. No, sir.

Mr. BAXTER. You say you think he ought to be placed on an equality with other mills in that territory located on the
402* same road?

Mr. BUTTERFIELD. I think so.

Mr. BAXTER. How would he get from his mill to the Illinois Central Railroad?

Mr. BUTTERFIELD. We haul his cars.

Mr. BAXTER. You charge him four cents a hundred, do you?

Mr. BUTTERFIELD. Yes, sir.

Mr. BAXTER. If he was put on the same rate he would still have to pay you that four cents a hundred?

Mr. BUTTERFIELD. If he was put on the same rate, I should think the Illinois Central would make a division with us to equalize that.

Mr. BAXTER. In other words, the Illinois Central should allow the four cents.

Mr. BUTTERFIELD. I do not say four cents; whatever traffic arrangement might be made.

Mr. BAXTER. What difference does it make to Mr. Busby?

Mr. BUTTERFIELD. It puts him on a four cent lower (higher) rate on the Chicago basis.

Mr. BAXTER. Not if he pays four cents to get the lumber to the railroad.

Mr. BUTTERFIELD. We would return the four cents if we had a traffic arrangement with the Illinois Central.

Mr. BAXTER. From that it would seem that you would accept a lower division from the Illinois Central than you charged Mr. Busby?

403* Mr. BUTTERFIELD. About the question of getting up a traffic arrangement, I don't know the division of the rate between our road and another.

Mr. GREEN. In respect to this logging arrangement, suppose Mr. Busby's mill was logged by our road, there would be one service of the railroad in bringing the logs to the mill, would there not?

Mr. BUTTERFIELD. Yes.

Mr. GREEN. And there would be a distinct and independent transportation service for the lumber from the mill, would there not?

Mr. BUTTERFIELD. Yes, sir. We have a lower rate; a through rate covering the hauling of the logs.

Mr. GREEN. Do you log his mill?

Mr. BUTTERFIELD. No; but we have once or twice hauled in cars of logs.

Mr. GREEN. Your mill being situated on the Illinois Central Railroad, you, in hauling the logs over this railroad to the mill, perform but the one service; that is, of hauling the logs into the mill for conversion into lumber, and that lumber is sent out over the Illinois Central?

Mr. BUTTERFIELD. Yes, sir.

Mr. GREEN. As I understand you to say, then, this shipper out on that line, ought to be placed within the rule which has been

404* established, by which all the shipping plants in that same territory, should be on an equal footing?

Mr BUTTERFIELD. I think that Mr. Busby, on that road, should be on the same basis as mills located on the Gulf and Ship Island Railroad.

Mr. GREEN. The product from a mill on the Gulf and Ship Island, ten miles form Jackson, would go into Chicago by the same road as you do from Northfield?

Mr. BUTTERFIELD. Yes, sir.

Mr. GREEN. That is all, sir.

Comr. PROUTY. Who is your next witness, gentlemen?

Mr. GREEN. We will call Mr. Enochs.

I. C. ENOCHS, a witness on behalf of the complainants, having been duly sworn, testified as follows:

Mr. GREEN. You are the president of the Fernwood Lumber Company and secretary of the Banner Lumber Company, on the Illinois Central Railroad, are you not?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. The Fernwood Lumber Company is located at Fernwood, about six miles south of McComb City, is it not?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. The Banner Lumber Company is at Kentwood, in the southeastern part of Louisiana, about 20 miles below the Mississippi line, is it not?

405* Mr. ENOCHS. About 21 miles below the Mississippi line, and about 24 miles south of McComb City.

Mr. GREEN. Both companies are members of the Central Yellow Pine Association?

Mr. ENOCHS. They are.

Mr. GREEN. What position in the Central Yellow Pine Association do you occupy?

Mr. ENOCHS. I am secretary and treasurer.

Mr. GREEN. Have you the minute book of the Central Yellow Pine Association with you?

Mr. ENOCHS. I have.

Mr. GREEN. There was a desire on the part of counsel on the other side to have the minutes of this association produced, stating the objects of the association. Will you please read into the record, if they are recited in those minutes, the objects of the association.

Mr. ENOCHS. After some preliminary discussion by those interested, at a called meeting, a general discussion was engaged in, in which all persons present expressed their views as to the necessity of organizing for the purpose of taking up the question of freight rates and other discriminations affecting the interests of the yellow-pine industry in the territory east of the Mississippi River. On motion it was resolved that a permanent organization, to be known as the Central Yellow Pine Association, be at once effected, and

406* on motion the chairman was requested to appoint a committee to prepare for adoption a form of organization. On motion a recess one hour was taken to enable the committee on organization to report. The meeting being called to order after the recess, Mr. Enochs was requested to act as secretary. The report of the committee on organization was read by sections, and after being adopted by sections, was adopted as a whole, as follows——

Mr. GREEN. I only want such supplemental matter in these minutes as is not furnished by the constitution itself.

Mr. ENOCHS. That is the only matter preliminary to the constitution.

Mr. GREEN. State whether or not the object or purpose of the Central Yellow Pine Association was to directly or indirectly fix the price on lumber.

Mr. ENOCHS. It had no such object at the time of its organization, and there has been nothing done since its organization tending in that direction. There has never been a price matter discussed at any meeting of the Central Yellow Pine Association.

Mr. GREEN. Then you will state that neither directly or indirectly was the matter of controlling or fixing prices, the object of the association?

Mr. ENOCHS. That is true, sir.

Mr. GREEN. Mr. Enochs, it is charged in the answer that

407* this organization is a conspiracy for the purpose of fixing rates Is there any possible foundation for any such averment?

Mr. ENOCHS. There is not. We do not seek to fix rates. We protest against the advance of rates and the discriminations incident thereto; the matter of tap-line divisions. Both subjects were discussed before the organization, and both subjects were contemplated and were thoroughly in the mind of the association when organized.

Mr. GREEN. State whether or not, prior to 1893, you were familiar with the lumber business in its relation to manufacture as well as transportation problems from the Mississippi district.

Mr. ENOCHS. I was familiar, and have been familiar, with the yellow-pine industry, both as regards its manufacture and as to rates in this locality, since the 10th day of January, '73.

Mr. GREEN. You went into your father's mill wh[illegible]ou were a boy, and have been in the mill business ever since?

Mr. ENOCHS. I went into the mill business on my own account on the 10th day of January, 1873. I was first engaged in the business with my father in 1868.

Mr. GREEN. Now, prior to 1893, will you briefly tell the Commission the status of the lumber industry in the State of Mississippi, as to milling and as to transportation facilities.

Mr. ENOCHS. In 1873—that is, in the first part of that period, the milling proposition in Mississippi was a purely local matter. There was nothing shipped north of the Ohio River. The first mill-
408* ing operations after the war was, of course, the rebuilding of the towns throughout Mississippi, most of which had been destroyed as the result of the civil war. After that was done, and it soon was accomplished, there was very little business; nothing, save the local demands of the railroads for structural timber, was needed to be bought. The result of that condition was that when the railroads wanted something, why the mills would start up and saw it if they got the order for it, and then they would shut down. It was a local fluctuating proposition. About 1875 we began to go north of the Ohio River to find something to do. The first lumber bill that was sold from off the I. C. Railroad—it was not then, however, the Illinois Central—was sold in October, 1875, and comprised joists for the Merchants Exchange Building in St. Louis.

Mr. GREEN. By whom?

Mr. ENOCHS. By Mr. Henry O'Hara, a merchant doing business at the time at Brookhaven. And after that he began to send some car material to the Illinois Central Railroad Company, on the order, I think, of Mr. Ott, the purchasing agent.

Mr. GREEN. Now, this undeveloped, inconsistent, and flickering industry was at that time engaged in the manufacture of structural material and car sills at such times as they could obtain orders. Do I understand that to have been the condition up to the 80's?

Mr. ENOCHS. Following 1875 we had a considerable uplift of business in 1877 and 1878, and material of all kinds, all lumber, radically advanced, and with that advance there was such a demand for ma-
terial north of the Ohio River that the mills could not supply
409* it, and therefore in 1877, '78, and '79 we had a good demand for car sills and car material, and quite a number of mills became active and had a good business, but they did no business except that which was special. They piled up a good deal of stuff—what is known as strips, side boards—and the people who came down here to buy this car material sought to buy that stuff, carry it north, and work it into ceiling and flooring, in order to make a profit on it. They found it was unprofitable, blue, work, and wouldn't bear transportation charges, didn't suit the demands of their trade, and so that part of the experiment was a failure. Some of the mills, in the mean-

time, put that stuff in the fire, some sought to save it, and some sold a slight percentage of it for local consumption. And why was it that it wouldn't bear transportation charges? It wasn't suited to the pine belt of the Ohio River, so it was a loss to the shipper, to the maker, and to the railroad, and out of that situation the railroads and lumber manufacturers had to evolve something to take care of that by-product.

Mr. GREEN. Up to that time, as I understand, then, car sills and structural material, which represented what might be called high-grade lumber, were only manufactured, and the balance of it was lost on this side of the river?

Mr. ENOCHS. Yes, sir. Part of the high-grade stuff was lost because these side boards and strips which were cut from the sides of the logs is that from which we now get our high grades of lumber, so that we only realized a part of the high grades, and all the
410* top of the logs, as well as part of the high grade stuff, as it has got to be in the evolution of the situation, was lost.

Mr. GREEN. Now, when, on the east side of the Mississippi, did they first begin to manufacture for northern markets the whole product of the log?

Mr. ENOCHS. That part of the business was worked out during the decade of 1880.

Mr. GREEN. '80 to '90?

Mr. ENOCHS. '80 to '90. It was a constantly evolving process, beginning with the first part of the decade and reaching partial development about the latter part of the decade, and perhaps running over into the '90s.

Mr. GREEN. Now, up to 1893, we will say, on the Mississippi side, you have described the evolutions. What were the transportation facilities on the east Mississippi side, in respect to lumber, up to 1893? What were the methods of transportation, the character of equipment, and so on?

Mr. ENOCHS. That was a varying and evolving proposition as well. Lumber was then handled upon an estimated weight basis. We didn't handle it upon scale weights, as it is now handled, and it was a long time after they put scales in before the railroads allowed us to handle our business except upon an estimated basis.

Mr. GREEN. And what basis did they use for estimating—what was the white pine basis?

Mr. ENOCHS. I think the estimate was taken on 4,000 feet
411* of rough lumber, and I think four pounds to the foot was fixed as the weight basis, but later that was developed to be too low for rough timber.

Mr. GREEN. Now, in view of this condition, and in view of the declaration of the railroad people that they want to get back to the condition that transportation bore to the traffic in the early '90s, please state to the Commission what the conditions of transportation on the east side of the Mississippi were at that time, up to 1893.

Mr. ENOCHS. I am familiar with the situation so far as the Illinois Central is concerned.

Mr. GREEN. I mean the Illinois Central.

Mr. ENOCHS. We used cars in that period of 8, 9, and 10 tons; that is to say, most of the cars were for 16,000 and 18,000 pounds. We had a few 20,000-pound cars. These same cars had their capacity

increased after four or five years. I believe it was in 1877 or 1878 when they put truss rods under their cars and then allowed us to ship 20,000 on the 16,000 and 24,000 on the 20,000-pound cars. That is to say, the equipment was made with side pieces and another truss under it, and it was not safe for more than 20,000 or 24,000 pounds in carrying capacity. That applies as to the carrying capacity of the cars. The roadbed and railroad was about on a parity; that is to say, we had iron rails, the old chair rail. We had a 60-inch guage.

The lumber was transferred. It was either transferred at East
412* Cairo or at Columbus, Ohio; that is, the cars of the Mobike and Ohio and the cars of the Illinois Central. For the transfer of the cars at Cairo they used a hoist, by means of which they could change the trucks, the cars being transferred by boat.

Mr. GREEN. What sort of traction power did the locomotives have?

Mr. ENOCHS. I think 30 to 35 tons was the heaviest engine in service at that time.

Mr. GREEN. Now, in 1893, on what is now the Illinois Central, what was the traction power of the engines used?

Mr. ENOCHS. I haven't that information; I haven't got that equipment. I have the Guide for 1893.

Mr. GREEN. What was the capactity of the cars in 1893?

Mr. ENOCHS. I have got that information figured out here, and the average capacity of the Illinois Central coal cars in 1893 was 50,032 pounds. For the box cars it was 40,470, and of the flat cars it was 30,000. I want to say that the Guide is not complete about this, for they have quite a number of cars of which they give the numbers, but not the capacity. Now, as to the flat cars, I am answering that proposition from memory, because they have about 1,000 cars in regard to which they do not give the capacity. Those 1,000 cars were the first new cars they made, and they called them the "Red Cross" cars, because they had a big red cross on them, and that was the designation by which they handled them. They are just
413* about eliminated from the service.

Mr. GREEN. Well, now, you can't give the traction power of the locomotives accurately, but about what was it? You are familiar with railroad construction yourself, are you not; your company owns a railroad?

Mr. ENOCHS. No; we generally call such a road as we have a tramway.

Mr. GREEN. What was the traction power of the locomotives of the Illinois Central in 1893?

Mr. ENOCHS. I don't think there was any locomotives that would weigh over 45 or 50 tons.

Mr. GREEN. What was the capacity of the flat cars and the traction power of the locomotives in 1903?

Mr. ENOCHS. Their car equipment for 1903—I figured it out of the 1902 book.

Mr. GREEN. Well, 1902 is satisfactory.

Mr. ENOCHS. The average capacity of their flat cars in 1903, as shown by that record, is 66,360 pounds. I have since made that up out of the 1903 record. The box cars had an average capacity of 58,300 pounds. That is taken from the 1903 record. Their coal cars, in 1903, had an average capacity of 66,640 pounds.

Mr. GREEN. And the traction power of the locomotives?

Mr. ENOCHS. While I am on this question of cars it is just as well that I give you the percentage of increase in the cars. The
414* increased percentage in the capacity of the flat cars has been 123 per cent; on the box cars it is 47 per cent, and on coal cars, 33.2 per cent. I think the locomotives would bear about the same average increase, except as to the flat cars. I think that is too much.

Mr. GREEN. They have got locomotives of 100 tons, have they not, in use on this end?

Mr. ENOCHS. I couldn't say they are as much as that, but they will not fall far short of it.

Mr. GREEN. Well, they have 75-ton locomotives?

Mr. ENOCHS. Yes. I think they have some engines that would weigh 100 tons. The Gulf & Ship Island Railroad bought some extra heavy engines when they started that road, and they were so heavy they couldn't handle them; my understanding is that they were 90-ton engines, and they exchanged them with the Illinois Central for lighter engines, I think, until such time as they bettered their system.

Mr. GREEN. Has the roadbed of the Illinois Central been improved so that it will take and carry successfully this heavier equipment of rolling stock and engines during the last ten years?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. What was the maximum train load, in 1893, for freight?

Mr. ENOCHS. Really, I couldn't answer that question. I haven't examined the regis*s*er to see whether that was given
415* there or not, and I couldn't answer it from the information I have.

Mr. GREEN. About what capacity could the locomotives carry in 1893?

Mr. ENOCHS. I would say, without hesitation, that the average train load of the Illinois Central to-day would be more than double what it was ten years ago.

Mr. GREEN. In other words, with their present equipment they can haul as much freight in one-half the number of cars as they could ten years ago?

Mr. ENOCHS. Well, the question of train loads, you understand, would deal with that item and also the number of cars.

Mr. GREEN. I mean as to traction capacity?

Mr. ENOCHS. With the same number of cars they can haul about twice as much tonnage.

Mr. GREEN. And in so far as the traction power of its locomotives is concerned, the cubical capacity and tonnage capacity of its cars is concern*e*d, and the condition of the roadbed is concerned, it can now haul with one-half the number of cars what it could ten years ago?

Mr. ENOCHS. Yes, sir; you can get that out of the annual reports.

Mr. GREEN. Now then, in 1893 you were in the lumber business, as I understand it, and you had occasion then to come in contact with the proposition of the adjustment of rates between the Mississippi
416* and Arkansas side. What condition, at that time, did you find the lumber industry on the Arkansas side to be in as compared with that on the Mississippi side?

Mr. ENOCHS. Well, the Arkansas people were about ten to fifteen years ahead of us.

Mr. GREEN. Well now, in what particular?

Mr. ENOCHS. Well, in the methods of operation—that is, in the economical and scientific utilization of the forest products or resources.

Mr. GREEN. How was that brought about, from your investigation of it?

A. It was brought about partly by local conditions, partly by the people who engaged in the lumber business, and partly by the treatment of the transportation companies which traversed the west side of the river.

Mr. GREEN. Have you any information of Mr. Gould ever having investigated the lumber situation over there, in relation to its transportation facilities and marketing out the product of those forests for those people?

Mr. ENOCHS. Yes, sir; the statement was made to me by more than one Arkansas manufacturer that Mr. Gould came down there personally, stopped at the mills from place to place, and found out what was necessary to do, or to have done, in order to make the entire movement of the forest product a certainty, and after finding out what was necessary to do, he had methods installed which brought it to pass.

417* Mr. GREEN. As I understand it, you found that the Arkansas mills were, in 1893, manufacturing and marketing the whole product of the log?

Mr. ENOCHS. They had not just arrived at that condition in 1893, but they had been doing that thing for a number of years. In 1877 I was in Arkansas and know something of the methods which they were pursuing. That is to say, on the Iron Mountain Railroad the mills were just beginning to start, and starting the portable mills on the Missouri Pacific Railroad, like they begin on every new railroad, and instead of undertaking at that time to take care of railroad material only and local business, they had the opportunity to supply the builders and dealers in the trade in the sections of Kansas and Nebraska that were immediately in competition with the manufacturers of white pine, principally, working off from Mississippi River points, and they adopted their mill methods. Most of them were men who came from the North, and their mill methods were the methods of the northern lumbermen. The trade methods were those with which they were familiar. The first contest between white and yellow pine, was in the '70's, the latter part of the '70's, but principally throughout January, 1880, there was the most spirited contest between the manufacturers of white and yellow pine that I ever saw in the lumber business, basing principally upon Kansas City, which finally came to be the basing point, as to rates and prices, for the whole yellow-pine industry. As a result of that competition

418* and agreement direct with the lumber manufacturers North, who added an increased value to their stumpage, and whose mill methods were good, and who had knowledge enough to undertake the manufacture, the man who went into that territory needed to be a good lumberman or he couldn't stay in the business. The

people who made the specifications for lumber in Kansas City, that is, the architects, were brought into requisition to show as to the strength and the fitness of it, and so the battle was fought along that line, and out of that the question of sizing the lumber was developed—that is, to reduce the weight so as to compete with its adversary, which was a lighter product. The architects had figured on a two-inch basis, and the mills then began to dress the lumber to $1\frac{3}{4}$ and $1\frac{5}{8}$, and it was along that strenuous line that the business developed in Arkansas.

They also developed the process of drying lumber for gain in weight, and when they had fully met that situation, why then—I don't think the Cotton Belt, at that time, was built, which brought the business to Cairo; that was a narrow-gauge railroad and outside of the competition which we had in St. Louis, it came to us when the Cotton Belt Railroad began to bring it to Cairo and distribute it in Illinois, and those who ran their mills regularly could use all the stock that the forests produced. The demand was governed by the specifications of the architects as to the merits of the yellow-pine lumber, as to its strength and ability to resist dampness or
419* to be used in exposed places. You can talk to almost any traffic manager on the east side to-day, and he will tell you about the superior qualities of the long-leaf pine for stringers, bridges, and all that kind of stuff, but there are other qualities necessary for lumber that is to be used for house-building purposes.

Mr. GREEN. Now, when you went there in 1893, you found that to be the case, and you found the rate to be 13 cents, did you?

Mr. ENOCHS. Well, we didn't have to go there to find the rate to be 13 cents. When the rates were based for shipments north of the Ohio River, taking Chicago as a basis, the rates were based on 27 and 30—27 for box cars and 30 for flat cars. The 27 rate was applied on box-car shipments wherever the Illinois Central lines reached. They took it out to Iowa; out to Sioux City, and, by the way, I have got some freight bills to support that proposition. The Illinois Central said we could have a slight diminution in rates to points in the interior of Illinois for planing-mill product or box-car product, but principally flooring and ceiling, but we told them we wanted a certain rate to a certain point in order to get the business, and we got it worked down from 27 to 26 and 24, and, finally, to 22 cents. In 1892, as the result of continued experimenting with the rate situation, we had a rate into Chicago, on box-car shipments, of 22 cents, with the differential on flat cars stricken off. Now, at the
420* time—that is, in the latter part of the '80's—I don't know how they divided the proportions—that is, as to the Illinois Central, and our principal shipments were on the line of the Illinois Central, where they made one rate.

Mr. GREEN. But in 1893 you found that the Arkansas mills, based on Cairo, had a 13-cent rate?

Mr. ENOCHS. In the early part of 1893, while the rates were advanced from 22 to 24 cents from the east side points to Chicago, and they were advanced from New Orleans and Northeastern points.

Mr. GREEN. Before you get to that—in 1893, after the Arkansas mills had gained this contest, as you describe, in the treeless section contiguous to Kansas City, they then sought to extend their territory to the east side of the Mississippi River?

Mr. ENOCHS. To extend it.

Mr. GREEN. And they made their basing point at Cairo?

Mr. ENOCHS. We learned, when we took the controversy up, that—we learned there was a controversy between the west and east side transportation companies.

Mr. GREEN. I want to show that this Cairo basing point is the point that was made by reason of the Arkansas mills, back in the '90's, extending their scope of territory from the west side into the east side, north of the Ohio River.

Mr. ENOCHS. That's when our information came in regard to it.

Mr. GREEN. That's the way you found it to be?

421* Mr. ENOCHS. Yes, sir.

Mr. GREEN. That has been the point at which the west side mills and the east side mills have converged their traffic for points north of the Ohio River, isn't it?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. And that is how it came about that Cairo was made the basing point, growing out of this contest between the west and east side mills for traffic north of the Ohio?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. Now, in 1893, when you went to Arkansas to investigate the rate matter, what contention did the Arkansas mills make as to the differential in their (your) favor?

Mr. ENOCHS. Well, the question of differential was not made by the Arkansas mills. That was the response of the traffic managers of the east side railways. You see, the east side railways made their rates even, so far as the tariffs were concerned, with the west side lines, and kept them so for a time. When they were advanced we went to the railroad managers about it, to the Arkansas mill people, and even to other railroads. The railroad people on our side said they couldn't get the people on the other side to advance them; that they insisted they should have a differential of two cents.

At 5.15 p. m. the Commission adjourned until 9 o'clock to-morrow morning.

422* THURSDAY, *December 10, 1903— 9 a. m.*

Com'r YEOMANS. You may proceed, gentlemen, with the examination of Mr. Enochs.

Mr. GREEN. Mr. Enochs, at the adjourning hour you were explaining to the Commission the status of the transportation carriers east and west of the river as to the Arkansas situation in 1893. Will you please proceed and state what you know in regard thereto?

Mr. ENOCHS. The traffic managers of the east-side railroads, and particularly the general freight agent of the Illinois Central Railroad Company, thought if they should reduce their rate to 13 cents that the Arkansas lines, or the west-side lines, would reduce their rates 2 cents, or to 11 cents, because of the steadfast claim of the west-side lines that they must maintain a differential of 2 cents in favor of the mills from their localities.

Mr. GREEN. What reason did they give for this, Mr. Enochs—insisting on the 2 cents differential?

Mr. ENOCHS. The reasons given were that the conditions were different in Arkansas from those in Mississippi, which justified them in maintaining this differential.

Mr. GREEN. I understand that at that time the Arkansas mills, through the carriers, had facilities for marketing the whole product of the log, and that the east-side mills in the Illinois Central territory were not at that time to the point of marketing the whole product of the log.

423* Mr. ENOCHS. The difference in the rate, when there was a difference, gave the Arkansas people that much advantage in the common territory in which we worked.

Mr. GREEN. North of the Ohio River?

Mr. ENOCHS. North of the Ohio River. They further said that they would not make a reduction, and kept the matter open for a year, or nearly a year, having repeated and various conferences with the west-side mills' traffic managers until they had their consent not to reduce the rate below 13 cents, if they should reduce it to 13 cents, and when they did reduce it to 13 cents the general understanding was that the 13 cents was to apply from both sides alike.

Mr. GREEN. That 13-cent rate was established as a common rate in 1893?

Mr. ENOCHS. No; the 13-cent rate was in effect before 1893.

Mr. GREEN. But as a common rate?

Mr. ENOCHS. Well, it was common, of course, Mr. Green, when both sides used it, and when the east-side lines raised it to 15 cents, then it was not common, and in 1894, when they returned to 13 cents, then it was common.

Mr. GREEN. Now, then, you heard Mr. Gardiner's testimony in regard to conferences upon traffic matters with the railroads, and do you concur in the reasons given and the statements made by Mr. Gardiner in respect thereto?

Mr. ENOCHS. Yes, sir.

424* Mr. GREEN. You were a party to those proceedings?

Mr. ENOCHS. Yes, sir. Mr. Gardiner and myself met at Birmingham in July, 1893, and were appointed a committee, and we worked together until the matter was adjusted.

Mr. GREEN. Then the result was, in 1894, that the east-side roads urged an increase of the rate and the Arkansas roads agreed, subsequently, to a 14-cent rate, did they not? When was that?

Mr. ENOCHS. That was apart from the other discussion; that was five years later—in 1899—when the rates were advanced both north and south of the Ohio River 1 cent, and from both sides of the Mississippi River as to the Cairo basing points.

Mr. GREEN. Now, in the discussion about the rate in 1893, was there any suggestion made of the existence of any tap-line divisions?

Mr. ENOCHS. No, sir.

Mr. GREEN. When did the tap-line divisions, as an element of the Arkansas situation, first develop?

Mr. ENOCHS. I don't know, Mr. Green, just when it was first applied.

Mr. GREEN. When did you first hear of it?

Mr. ENOCHS. I heard of it—I presume it must have been in 1895 or '96. It was some period after the rates were common.

Mr. GREEN. After the rates became common the tap-line divisions on the Arkansas side were evolved?

425* Mr. ENOCHS. Excuse me, I didn't get through with the answer to that first proposition. I think I heard of it either—I

know it began in that period, and later it was brought to my attention by Mr. Moberly, of Chicago, who wrote me and wanted me to join him in an effort to get the Illinois Central to do the same thing. He told me it had been for quite a little while in Arkansas and on the New Orleans & Northeastern Railroad. That fixes the time when it first came to my attention. Mr. Hudson, in the conference which we had at Washington, said that the tap-line proposition was in effect before the readjustment of rates in 1894, and that he knew that to be the case, so that just when it went into effect I don't know, but the earliest suggestion of it was that made by Mr. Hudson. It could not have been in effect before 1887, because there was no occasion for it. Interstate commerce law was not then operative, and they were privileged to do as they pleased with through rates.

Mr. MILLER. When was that?

Mr. ENOCHS. I say the tap-line proposition; there was no necessity for a tap-line proposition prior to 1887.

Mr. GREEN. Then the practical effect has been that although the Arkansas roads and the east-side roads agreed to a 13-cent basis, in form, the Arkansas lines, by reason of the use of the tap-line divisions, had practically a lower rate than the east-side roads?

426* Mr. ENOCHS. Well, they have had it at some period not very far after 1894.

Mr. GREEN. And so that has been the practical effect?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. Now, in 1899 the 13-cent rate was increased on this side to what extent?

Mr. ENOCHS. One cent.

Mr. GREEN. And that made it 14 cents?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. Was it increased north of the Ohio River at that time?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. One cent beyond?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. When was the next increase?

Mr. ENOCHS. There were a number of increases, but I don't think——

Com'r PROUTY. Was the rate from Kansas City increased at the same time to 14 cents?

Mr. ENOCHS. In 1899; yes, sir; the level of rates was maintained as between the transportation companies.

Mr. GREEN. Now, when was the next rates put in?

Mr. ENOCHS. So far as regards the rates based on Cairo in 1902 I think it was effective June 25th. There was some change in the rates then. That was indicated by tariff A 3550.

Mr. GREEN. That was north of the river, though, that change?

427* Mr. ENOCHS. You mean as to south of the Ohio River?

Mr. GREEN. Yes, sir.

Mr. ENOCHS. There was no change in the rates from 1899 until the 1st of March this year.

Mr. GREEN. Here is the tariff we complain of; the 2 cents advance?

Mr. ENOCHS. Yes; but I want to call attention to the fact that there was an advance, right in that connection, which took effect in October of 1902 to Iowa points. April 20th, 1902, the Iowa points paid 2 cents more; that was north of the Ohio River however. There was

another advance to those points by the tariff of the 15th of April, making, as to Iowa points, an advance of 4 cents within one year, lacking five days.

Com'r PROUTY. How is the Iowa rate made, by basing on St. Louis?

Mr. ENOCHS. It is made by basing on Cairo, I understand.

Com'r PROUTY. Then in what way was that rate advanced?

Mr. ENOCHS. I don't know the methods which the traffic managers used; I only know the result as promulgated in the tariff.

Com'r PROUTY. Is the rate named from Mississippi points to Iowa a through joint rate?

Mr. ENOCHS. Yes, sir.

Com'r PROUTY. Just give the number of the Illinois Central tariff which gave that advance to Iowa points.

Mr. ENOCHS. Supplement No. 106 to A 3550.

428* Com'r PROUTY. Now the Illinois Central number?

Mr. ENOCHS. Interstate Commerce No. 106, supplement to Interstate Commerce No. 1038, as well as supplement Nos. 94, 96, 100, 103, 104, 105.

Mr. GREEN. While you are on that give the stenographer the Interstate Commerce Nos. of the tariffs involved in this controversy, for reference.

Mr. ENOCHS. The original tariff which we have been using since June 25th, 1901, is A 3550, Interstate Commerce No. 1033, supplement No. 106 to A 3550, Interstate Commerce No. 1038, and supplement No. 161 to A 3550, which cancels Nos. 150, 154, 155, and 156.

Com'r PROUTY. What is the Interstate Commerce No. of that supplement?

Mr. ENOCHS. It's supplement to No. 1033, and supplement 161 to Interstate Commerce No. 1033. That brings us down to the present discussion.

Mr. GREEN. Mr. Enochs, what area of territory is necessary for the proper conduct of the lumber business in this section, and what necessity is there for an equality of rates between competing sections?

Mr. ENOCHS. We sell lumber in Nebraska, and we sell it in Massachusetts and in Maine, and we sell it in all the States between those two limits. It's an advantage to us to have that range of ter-

429* ritory. Then, again, we send from our home-basing points to the lakes on the north. It is necessary for us to have all of that territory in which to sell our product, in order to get the best average results out of our manufacture of lumber because of the wide range of grades of lumber which are yielded from the forest product.

Com'r PROUTY. You mean by that, that one grade would be used in Nebraska and another grade in Ohio?

Mr. ENOCHS. Yes, sir; and another grade in Iowa, and another grade in Minnesota.

Com'r PROUTY. And that your entire product is not used in any one State?

Mr. ENOCHS. We can only sell about two per cent of the product which we can make in Massachusetts.

Com'r PROUTY. Well now, is that because they don't use your lumber in Massachusetts—that kind of lumber—or because somebody else furnishes that kind of lumber there?

Mr. ENOCHS. It is because of the fact that the yellow-pine product from this section—that only about two per cent will bear the rate.

That is to say, our heart-faced ribbed flooring will bear the rate and sell in Massachusetts, and they buy about 1.96 per cent of all the lumber we make. Now, we can't sell that stuff beyond that. The same product that we sell in Massachusetts will sell in Iowa, but it will sell at a very much lower price, because that grade of lumber is not required by Iowa purchasers.

430* Com'r PROUTY. That same grade of lumber is manufactured in Texas?

Mr. ENOCHS. Yes, sir.

Com'r PROUTY. Now, why should Texas have a rate which will enable it to sell pine flooring in Massachusetts, as compared with Georgia, Georgia being a thousand miles, approximately, nearer Massachusetts than Texas is, and has the benefit of water transportation? Now, why do you say that the rates should be so adjusted that the Texas mills can sell pine flooring in Massachusetts, and why shouldn't that market be given up to Georgia?

Mr. ENOCHS. That involves the question as to whether the product is to be used upon the blanket method, and that is the method which the railroad companies have been seeking to develop for the lumber traffic. Now, that's one feature of it.

Com'r PROUTY. It must cost a good deal more; must actually cost more to transport that lumber from Texas than it does from Georgia, and somebody, of course, has to pay that additional cost?

Mr. ENOCHS. I think there are some Texas points that haven't a very much higher long-distance tariff; not more than from three to four hundred miles further than Mississippi points have.

Com'r PROUTY. There is no way that Texas can get to Massachusetts without going more miles than Georgia does?

431* Mr. ENOCHS. I haven't examined the distance tables to enable me to affirm or deny that proposition.

Mr. GREEN. Mr. Enochs, isn't the proposition in that, drawing your attention to the point that if the railroad companies can make a low rate, such a low rate out of Texas as to carry the lumber to New England to compete there with Georgia, that that is a question not of the reasonableness or unreasonableness of the rate, except so far as Georgia is concerned, but which is the shortest haul as a transportation problem?

Mr. ENOCHS. My understanding was that the Texas mills had a 2-cent higher rate to this territory north of the Ohio River before this advance was made.

Com'r PROUTY. That has been my understanding of it.

Mr. ENOCHS. And that the Texas mills were invited to advance their rates 2 cents, and that when the Arkansas lines put this advance rate into effect again, in June, that the Texas lines refused to concur in that matter and maintained their rate to what it was before this advance was provided for, so that now they have an even rate, but they formerly had a 2-cent higher rate.

Com'r PROUTY. The next question I was going to ask you was this: If the railroad companies make a rate which will let you into New England and a corresponding territory, as against Georgia, it must be a very low rate. Now, if they make you that very low rate

432* into New England, should they not be allowed to make you a correspondingly higher rate to near-by points? In other

words, if you had the benefit of this entire market, how can your rate to near-by points be the same, in consideration of the very low rates which you get to distant points? Can you select a near-by point and say "my rate to this point ought to be lower?"

Mr. ENOCHS. Well, in the first place, I would say that this advance does not apply, and is not made by all the railroads reaching the eastern markets. It applies only south of the Ohio River. The lines north of the Ohio River will take care of this varying distance after you pass Cairo, or after you passed the gateways fixed for the southern mills. They expressed no dissatisfaction with this proposition; in fact, my information is that it was purposed and discussed that there was to be a two cents advance north of the Ohio River, as well as south of the Ohio River—that is, that the same percentage of advance was to be effective in 1903 that was made effective in 1899—but, after carefully considering it, the east and west side lines north of the Ohio River declined to do so, because they were afraid of the influence upon the movement of traffic. As our rate increased there, and we have got the long rate to that far eastern territory, we cannot reach there by rail, except on special items on our list—only on dry dressed stock can we reach there. On ordinary lumber ship-
433* ments to that territory it makes a difference of about $4.00 or $5.00 a thousand, because of the fact that the longest point rates from Georgia, North Carolina, and South Carolina, as well as the shorter rate from the Canadian sections, are as high as will allow lumber to move. That is evidenced by the fact that as to New York points they advanced the rate to 35 cents in one of their tariffs, and have since reduced it. That was the voluntary action of the railroad companies. Now, when it comes down to the question which you asked, about the cost of this stuff, its just a pretty hard matter for a layman to say what is the lowest item of cost at which a railroad will or can afford to haul traffic, and when we find them hauling large volumes of traffic at a considerably lower range of value than they offer to put it down for us, why we imagine there is a profit in the lower rate, and if there isn't a sufficient margin in that to justify them in doing it, why they ought not to add to our burdens.

Mr. GREEN. Touching the situation north of the Ohio, is it not a considerably complex problem, involving the readjustment of rates as between the north lines and the east and west lines, one which has not been drawn into this controversy by reason of the known advance north of the Ohio River?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. You don't know, from any relations that you
434* have with the lines north of the Ohio River, as to what the divisions of their rates are?

Mr. ENOCHS. I am not as familiar with that situation as I am with the one south.

Mr. GREEN. Now, then, it is true, as stated, that the necessities of the lumber business require a large area of competitive territory north of the Ohio River?

Mr. ENOCHS. Yes, sir; it is.

Mr. GREEN. Now, what necessity is there, then, for an equality of rates into that territory upon these basing points?

Mr. ENOCHS. Well, the man who has the short rate names the

prices and the man who has the long rate has to go to it, or he doesn't sell anything.

Mr. GREEN. The rate, in other words, is the governing factor in marketing the product?

Mr. ENOCHS. It decides whether a man can or cannot sell in a given market.

Mr. GREEN. Now, what is your experience in Iowa under the effect of the advance?

Mr. ENOCHS. Between 1890 and 1894 we sold fully one-half of all the lumber we sold north of the Ohio River in South Dakota and Wisconsin, in that group of States, when we used a 27-cent rate; and when the rates were advanced, why we couldn't sell them any more. They have been advanced from 4 to 8 cents.

435* Mr. GREEN. In that territory?

Mr. ENOCHS. In that territory.

Mr. GREEN. What traffic excludes you now from that territory?

Mr. ENOCHS. My understanding is that the Arkansas people sell the most of their product in there—that is, most of the yellow pine product. Of course, it's nearer to Wisconsin, Minnesota lumber fields, and, that being the case, they have first call on that business as against the yellow pine, either from our side or the other side of the river.

Mr. GREEN. Such, then, being the condition of the lumber business, I understand you to say that the relations between it and the transportation problem are interdependent?

Mr. ENOCHS. Without doubt, sir.

Mr. GREEN. The facilities, then, of the railroad companies as to equipment and rates, and all the elements which go to bear upon the efficient execution of transportation, directly bear upon the lumber traffic, do they?

Mr. ENOCHS. They do.

Mr. GREEN. Now, what equipment has the Illinois Central road or other railroads, so far as you know, designed for the lumber traffic?

Mr. ENOCHS. There has been no special provision made of equipment for the lumber traffic.

Mr. GREEN. Are there grain cars specially designed?

436* Mr. ENOCHS. Well, they make a line of cars in which they handle their grain business. They do not designate them as grain cars.

Com'r PROUTY. Do you ship lumber north in those same cars?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. The stencilled cubic capacity, for instance, of a 100-ton car has no relation whatever to the lumber business?

Mr. ENOCHS. I don't think, Mr. Green, that the Illinois Central has any 100-ton box cars.

Mr. GREEN. I meant 50 tons.

Mr. ENOCHS. I don't think they have any 50-ton cars; they do have a good many 80,000-pound cars.

Com'r PROUTY. How much lumber can you get into that car?

Mr. ENOCHS. That's owing to the kind of lumber you are shipping. In the average grain car, I think, we can get 50,000; say from 45,000 to 60,000 pounds of lumber, if it's dry and dressed. If it's green we can get more. If it should be green lumber we can load it to its capacity if the lengths are adjusted so as to occupy the cubical space.

Com'r PROUTY. As a practical matter, how heavy do you load those cars?

Mr. ENOCHS. Our shipments from one of our mills for the past four months have been 50,300 pounds per car. For a year, another one of our mills made an average of very nearly 50,000; lacked a few pounds of being 50,000 pounds per car.

437* Mr. GREEN. Those are box and gondolas?

Mr. ENOCHS. Box and gondolas, because, as a matter of fact, we don't handle the others.

Mr. GREEN. What is the average capacity of the cars of the Illinois Central Railroad that you use in your business?

Mr. ENOCHS. I gave that already, Mr. Green, in the testimony yesterday evening.

Mr. GREEN. Now, then, as I understand you, there are cars that are designed by the Illinois Central and other roads for grain, are there?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. And for fruit and vegetables?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. And for live stock?

Mr. ENOCHS. Yes.

Mr. GREEN. And for coal?

Mr. ENOCHS. Yes.

Mr. GREEN. And for petroleum?

Mr. ENOCHS. Yes.

Mr. GREEN. And for furniture?

Mr. ENOCHS. Yes.

Mr. GREEN. Now, as bearing upon this, I wish you would read into the record a portion of the statistics of the Interstate Commerce Commission report for 1901.

Mr. ENOCHS. I read from page 65, which shows a total of

438* freight tonnage, of grain, 66,252,712; live stock, 15,667,146; fruit and vegetables, 14,508,551; anthracite coal, 97,472,509; bituminous coal, 223,965,320, and ores, 67,100,039; petroleum and other oils, 8,392,827; household goods and furniture, 2,271,990; merchandise, 43,468,315, while lumber bears a total freight tonnage of 78,729,180. So that with a total freight tonnage of 78,729,180 it has no transportation facilities, or cars specially designed for it, while the other products have specially designed facilities for loading to capacity and for their transportation.

Mr. GREEN. Is that the deduction that you draw from this report?

Mr. ENOCHS. It is. I hold that, as to the coal cars, or as to equipment, first as to the Illinois Central Railroad, that its open cars are designed for coal traffic, purely and simply, and when they have changed them they have been changed with reference to a better adaptation to the coal traffic, and lowered with reference to the lumber traffic, and that the lumber which may be carried north in coal cars is the respondent or the complement of the proposition, instead of the initial element in the proposition. That is to say, that, originally, when coal cars were made they had pockets to receive the standards, and when they were on the outside on the sills, and we could put our stakes in them. Now, as they are constructed, the standards are bolted and the sides put on the outside of the standards, so that

439* the method of securing the load by stakes is totally eliminated as to what it was before, and now we must put the standards on the side, upon a plain surface, with no method of making them secure in the car, and must nail it there with spikes.

Mr. RUSSELL. Isn't the gondola made specially to accommodate lumber?

Mr. ENOCHS. In those cars that they make with drop ends; but they make some of their cars without drop ends. They have a class of their equipment that they make with drop ends, and those are available for the lumber traffic, and only those.

Mr. GREEN. Cars furnished by the Illinois Central?

Mr. ENOCHS. I was going on to say about this changed construction whereby the coal sides are put on the outside of the stakes or standards, instead of on the inside, they have increased the cubical capacity for carrying coal and decreased it for carrying lumber. For instance, they increased the width about 12 inches, or about $\frac{1}{3}$ as to coal, and then the space which is taken on the outside, that space is decreased by the standard space necessary to be put in there, which decreases it for lumber carrying about one foot and increases the coal carrying capacity about 12½ per cent. And then, again, in order to clear these drop ends, where you carry stuff up to the length you must put bearing boards in the center of that car in order to level it up to the height of the drop ends.

440* Com'r YEOMANS. What percentage of your lumber goes into these open cars?

Mr. ENOCHS. I suppose 15 per cent; well, that varies. So far as our own personal shipments are concerned, I don't think we forward more than 10 or 15 per cent, but we don't ship anything, scarcely, on flat cars; all of our traffic is handled on coal cars.

Mr. RUSSELL. Isn't it a fact that box cars are made specially so as to allow lumber to load and unload at the ends?

Mr. ENOCHS. Yes; box cars are provided with end windows in the center, but we could load that box car to better advantage if two end windows were put in the car sides instead of one in the center.

Com'r PROUTY. Do you, in fact, use those end windows in loading the car?

Mr. ENOCHS. We can't load box cars to capacity; we can scarcely load them at all without the use of those end windows.

Com'r PROUTY. But you do use the end windows?

Mr. ENOCHS. Yes, sir. For instance, you take a 35-foot box car; eight or nine feet is in the door; we have got to pass that stuff through the end window and then turn it back and seesaw it into the car if its longer than, say, 20 feet.

Mr. GREEN. Now, then, as to the box cars. How much increase in cubical capacity has been made in the box cars that carry

441* 50,000 pounds, over one which was designed to carry 25,000 or 30,000 pounds in olden times?

Mr. ENOCHS. Well, the box cars which are made to carry 50,000 pounds, or 25 tons, there is no trouble about lading them to capacity with dry lumber, because the cubical capacity of that class of cars is sufficient to chamber the product. Its only on the 60's and 80's; in fact its only on the 80's that that proposition will apply, and that applies only to dry dressed lumber.

Mr. GREEN. I want to find out what difference there is in cubical capacity between the old style cars and the 80,000-pound car?

Mr. ENOCHS. Taking their furniture cars, which are 40 feet long, and in some instances 50 feet long, and have a wider bottom and are higher, that class of cars we can load to beyond capacity because most of the cars which are made for furniture their cubical capacity does not exceed 60,000 pounds. I don't think I have ever seen a single furniture car, although it had great cubical capacity, that had a stencilled capacity of more than 60,000 pounds. If they would put the box or frame provided for a furniture car on the trucks of an 80,000-pound car there would be no controversy as to the amount of dry dressed stuff it could be loaded with.

Mr. GREEN. In regard to these increased capacity cars they have not practically increased the size, except about two feet, over the old style smaller car?

442* Mr. ENOCHS. That is true. In adjusting these cars they have increased them in respect to the journal and truck capacity rather than in the box capacity.

Mr. GREEN. So far as the lumber business is concerned it practically remained as before?

Mr. ENOCHS. There has been no effort in that line to provide equipment for that class of dry tonnage which has been developed in our business.

Mr. GREEN. Now, then, as to flat cars—has the Illinois Central practically any flat cars?

Mr. ENOCHS. I think they have 2,581.

Mr. GREEN. What are they used for, Mr. Enochs?

Mr. ENOCHS. Oh, the flat car is essentially a constructional for equipment. They have got to handle some classes of machinery on flat cars, but its a short line and constructional equipment specifically.

Mr. GREEN. It is practically out of date as a transportation proposition, except for long timbers and machinery, is it not?

Mr. ENOCHS. The Illinois Central has only 2,581 flat cars, which is about 7 per cent of their equipment.

Mr. GREEN. And they are only used in special cases for machinery and for very long timbers?

Mr. ENOCHS. We don't use flat cars for long timber as much as we use coal cars, because the old flat cars are frail and not worthy to be put in that severe traffic. They have got some 40-foot flat cars, which are good strong cars.

443* Mr. GREEN. Now, what would you say as to the claim of the railroad companies that the increase of rates upon lumber is necessary because of the one-way haul of the cars that are used?

Mr. ENOCHS. Well, for the traffic that originates on the Illinois Central Railroad, which is one of the oldest and one of the roads in the South which is approximately equipped for handling business properly, I would say that it furnishes a very small percentage. I don't think we use in our shipments more than one per cent of flat cars, and we needn't use a single car. If the I. C. would never give us a single flat car we would not be hampered in the movement of our product. That proposition will apply to shipments originating on the Illinois Central.

Com'r PROUTY. Take all the cars you load at your mill, do they come south loaded or empty?

Mr. ENOCHS. They come south loaded, as a rule.

Com'r PROUTY. What are they loaded with?

Mr. ENOCHS The coal cars are loaded with coal.

Com'r PROUTY. From where does that coal come?

Mr. ENOCHS. It comes from the mines on the Illinois Central.

Com'r PROUTY. Where are those mines located—north or south of the Ohio River?

Mr. ENOCHS. They have mines north of the Ohio River and
444* other mines south of the Ohio River, in Kentucky. Now as to whether it all originates in Kentucky, or whether part of it originates in Kentucky and part of it in Illinois, I can't say, but I am under the impression that they haul both from Illinois and Kentucky mines.

Com'r PROUTY. Your lumber goes almost entirely north of the Ohio River, or to the Ohio River?

Mr. ENOCHS. No; we ship a good deal of lumber south of the Ohio River. I presume 35 or 40 per cent of our product will go to Memphis, to Paducah, to Louisville, and points basing on the Ohio River. If the stuff is high in Kentucky we ship into Kentucky, and in turn we ship into Illinois.

Com'r PROUTY. That is to say, when you select a car for loading, you select such a car that will go to a point where it will be loaded back here?

Mr. ENOCHS. The Illinois Central requires us in ordering cars to advise the destination of the cars, and their traffic department in furnishing the cars, in placing of cars, has respect to destination.

Com'r PROUTY. Now, what part of the cars which you load with lumber are open cars?

Mr. ENOCHS. No exceeding fifteen per cent.

Com'r PROUTY. What are the other cars, the closed cars, loaded with when they are supplied?

Mr. ENOCHS. With a diversified product. Most of them come to
445* us out of New Orleans. Most of the box cars are handled into our mills, 100 miles north of New Orleans and 80 miles north of New Orleans, by north-bound trains.

Com'r PROUTY. Do you know whether the empty-car movement on the Illinois Central is north or south?

Mr. ENOCHS. The empty-car movement—in group No. 5 the empty-car movement, I believe, is south and the loaded movement north.

Mr. GREEN. I will read into the record the report of the Commission for 1901, page 67, mileage of loaded freight cars, group 5, north or east, 339,782,433; south, 393,793,919, or a difference of 54,111,476 loads coming south as against thos going north; and mileage of empty freight cars, in group 5, north or east, 178,438,142, and south, 132,352,475, showing an excess of empties north over those moving south of 46,085,867.

Com'r PROUTY. This report shows that the empty-car movement is north, in group 5, largely instead of south?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. Now, bearing upon the transportation problem, what have you to say as to the advantage or disadvantage of special cars for special purposes; for instance, as to petroleum and coal, cotton-seed oil?

Mr. ENOCHS. The effect of that will be found in the empty-car mileage.

Mr. GREEN. Well, it's conducive to light loads, is it not?

446* Mr. ENOCHS. In petroleum it would be a light load, but in coal it would be a heavy load. It would be more conducive to a larger percentage of empty cars than a car that was designed for general purposes and could be used on the two-way haul. When I went on record in regard to that proposition I assumed that the coal cars were primarily for coal and alternately for lumber; and I want to make another statement in reference to that, and that is that a great many of the coal cars are so designed that they are not available for the alternate service, because they make them with special hopper bottoms, so that they are only available for the traffic for which they are designed, and are not alternately fitted, even for our stuff.

Mr. GREEN. From consideration of the equipment of the railroads with reference to the lumber business, what does your investigation lead you to ascertain in respect to the manner in which the lumber traffic has been treated by the railroad companies?

Mr. ENOCHS. Well, I assume to say that, so far as the roads from our section are concerned, that their treatment of the lumber traffic has been wholly unscientific, both as to the status and adaptation of equipment and preferences of movement, as well as to rates.

Mr. GREEN. Now, in the matter of movement, what sort of treatment does lumber receive as compared with cotton?

Mr. ENOCHS. Cotton has the right of way.

447* Mr. GREEN. In the relative movement of all traffic by the railroads, what position does lumber occupy?

Mr. ENOCHS. I said cotton had the right of way, and I want to say further that coal has the right of way, because I have had coal cars taken out of our side tracks and hauled empty north for the return movement of coal. That has transpired this summer, when we were ready to fill them on orders from the heads of the traffic department.

Mr. GREEN. While you are on that subject, Mr. Enochs, is the coal business on the Illinois Central Railroad a constant business or a winter business?

Mr. ENOCHS. Well, it is to a larger extent than you would expect, Mr. Green, a constant business. There is a movement of coal both in the summer and winter on the Illinois Central.

Mr. GREEN. As to the preference of movement I understand that in nearly all particulars lumber is discriminated against in the matter of movement?

Mr. ENOCHS. That is true, sir. That is evidenced in the experience of the mills on our own line and on other lines where the Illinois Central supplies the cars. We know that the I. C. will run their cars empty by our mills to be given to the Gulf & Ship Island Railroad at Jackson for Laurel shipments. We know that Eastman & Gardiner have rarely—in fact, the rule is that they have no trouble to get cars, while we have constant controversies at all times to get

448* the equipment necessary to move our product.

Mr. GREEN. You spoke of your own product, moving only 15 per cent of it in gondolas. How about the mills that ship structural material; do they use a greater or less per cent of gondolas?

Mr. ENOCHS. Greater.

Mr. GREEN. It depends on the product of the mill as to the percentage of gondolas used?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. What have you to say, Mr. Enochs, in regard to the congestion of 1902?

Com'r PROUTY. Just what bearing do you claim that has on this case?

Mr. GREEN. The railroad companies, your honor, claim there was a considerable decrease of revenue during the last half of 1902 and the first half of 1903.

Com'r PROUTY. Gross revenue or net revenue?

Mr. GREEN. Net revenue, and there was an Illinois Central Railroad Company's report showing that there was a falling off.

Com'r PROUTY. And you want to show that because they couldn't handle the business they were not justified in advancing the rate?

Mr. GREEN. I want to show that it was through their own mismanagement.

Com'r PROUTY. Suppose you were managing a business and
449* had so much you couldn't do it properly, wouldn't you think you were justified in sticking up the prices a little bit? Suppose you were in the lumber business.

Mr. GREEN. If I had more business than my plant would handle I think the logical thing to do would be to increase my plant; especially is that so in the case of a transportation company, which owes a duty to the public of carrying at a reasonable rate, and they can only charge a reasonable rate, and if they had more business than they could handle they ought to provide additional facilities for doing it. That would be the suggestion we would make, and the peculiar point with reference to that is their assertion that that was the provoking cause alleged for this increase. We want to show that there was no real, no existing cause, but that it grew out of extraneous and incidental circumstances.

Com'r PROUTY. Now I don't suppose there is any question that that congestion existed and has been testified to, and is it necessary to have this witness state it over again, unless some question is made by the other side? If it has been made part of the minutes it doesn't seem as though we should consume any further time on that subject.

Com'r YEOMANS. The congestion extended all over the United States. There is no question about that.

Mr. GREEN. What have you to say, Mr. Enochs, in regard to the use by the Illinois Sentral of its equipment, which ordinarily
450* was sufficient for normal purposes, for construction purposes?

Mr. ENOCHS. I would say that the portion of equipment for construction purposes incident to the operation of double tracking, the construction necessary to make it a double track system——

Com'r PROUTY. What kind of equipment—engines?

Mr. ENOCHS. Coal cars, engines, cars for hauling ballast, bridge timbers, cement, etc. A very large percentage of the equipment which is available for construction purposes has been used in the last three years for that purpose in that service, and whatever was used in that extra-construction account was subtracted or taken from the original service of the company.

Mr. GREEN. How far has the Illinois Central doubled tracked its line in the last three years?

Mr. ENOCHS. Well, the process is throughout the whole system—that is, from New Orleans to Chicago—and I believe the proposition goes over to Cairo and St. Louis, or some point beyond Cairo.

Mr. GREEN. To what extent is it completed in Mississippi?

Mr. ENOCHS. Well, now, I should say, Mr. Green, that that is a qualified statement. It only applies, so far as I believe, the location of the rails adjacent to each other, from Jackson south. It made practically a new line, opened up through the valley from Jackson north, but still that is largely new matter.

Mr. GREEN. They have used a large portion of their equip-
451* ment, as I understand, for that purpose?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. Now, then, they were under contract with the Gulf & Ship Island—the Illinois Central furnishes the equipment for the handling of lumber on the Gulf & Ship Island, does it not?

Mr. ENOCHS. That is for their northern movement. I do not understand that they furnish equipment for the southern movement.

Mr. GREEN. You know how many carloads a day, under the contract between the Gulf & Ship Island and the Illinois Central, the Gulf & Ship Island agrees to deliver at Jackson?

Com'r PROUTY. That contract was to be introduced in evidence, and when introduced will show that fact.

Mr. GREEN. Yes, sir. I withdraw the question.

Com'r PROUTY. How does a car get from New Orleans onto the Gulf & Ship Island? Does it go up to Jackson and then back on the Gulf & Ship Island?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. What road furnishes the equipment for the Yazoo & Mississippi Valley Railroad?

Mr. ENOCHS. Well, I couldn't say. The Yazoo & Mississippi Valley Railroad has a good deal of equipment of their own. There is a good deal of equipment marked that way.

Mr. GREEN. What system does the Yazoo & Mississippi Valley Railroad belong to?

452* Mr. ENOCHS. To the Illinois Central.

Mr. GREEN. There is a branch of it running from Jackson to Memphis, from Jackson to Natchez, and from New Orleans to Memphis?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. Now Mr. Enochs, stress has been laid, both here and at St. Louis, upon the idea that Messrs. Eastman, Gardiner & Co. and Hinton & Co. get some advantage by reason of the sales of their roads to the Gulf & Ship Island——

Com'r PROUTY. Mr. Green, that matter has been gone fully into, and we know just exactly what was done under it.

Mr. GREEN. I didn't propose to go into it; I merely wanted to ask what percentage these mills bore to the number of sawmills in this association that have logging roads, to show that they were not representative.

Mr. GREEN (to the witness). How many mills are there of your association that have logging roads?

Mr. ENOCHS. Of our association that have logging roads?

Mr. GREEN. Yes, sir.

Mr. ENOCHS. Why, all of them, I presume.

Com'r PROUTY. Every large manufacturer must have a logging road?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. I understand these other roads had no contract with the Illinois Central.

453* Mr. ENOCHS. There are no tap-line divisions on the Illinois Central. As to that matter, when Eastman, Gardiner & Co. enjoyed that privilege that they had—that is, the tap line privilege—why all the mills on the New Orleans & Northeastern had a good amount of that railroad privilege.

Com'r PROUTY. Are there any tap-line divisions on the New Orleans & Northeastern?

Mr. ENOCHS. Not now; there was.

Mr. GREEN. Has there ever been any on the Illinois Central?

Mr. ENOCHS. I have never heard of it.

Mr. GREEN. Now as to prices of lumber paid by the Illinois Central: some reference has been made to the price of heart sills, structural material, etc.; have you any data to show what the prices paid by the Illinois Central in 1902 and 1903 were?

Mr. GREEN. I have a circular letter from the purchasing agent of the Illinois Central, dated January 20th, 1902, in which he says:

"Referring to my circular letter of November 29, asking for prices for 1902. Based on replies received, I find we are offered all stock we will probably need to purchase at the same prices paid during 1901, and therefore hope you will be able to fill such orders, not exceeding your capacity, at the 1901 scale of price, and that you will kindly endorse your acceptance and return to me, retaining the

454* other copy for your files. For your convenience and reference, I give the sizes and prices below. Unless due notice is given in writing of the desire to cancel the above agreement as to all orders sent you during the year 1902 is considered effective January 1st to December 31st, 1902, and applies on all orders sent you during the year 1902. Any orders placed previous to the 1st of January as the effect of this agreement, or any orders placed under this agreement before notice of desire to cancel is received, are to be filled at the prices in effect at the time such orders were given." Then follow the prices and specifications.

Mr. BOWERS. Will you read those, Mr. Enochs.

Mr. ENOCHS. Stringers, 7 by 16, 8 to 18 feet long, inclusive, $13.00.

Mr. BOWERS. That's f. o. b. at the mill?

Mr. ENOCHS. F. o. b. at the mill, $12.00; this is a carbon copy, and is dim. Stringers 7 by 16, 19 to 25 feet, $13.00; 7 by 16, and 8 by 16, 32 feet, $16.00; 12 by 12 material, 18 feet, $9.50. All planks smaller than 12 by 12, up to 20 feet, $9.00. I want to say this fixed, for 1902, prices the same as 1901, and as part of that, I want to read our acceptance:

"We have your favor of January 20th, and as per your request we herewith return prices sent for 1902. We will be in position, in a very short time, to take care of small sizes under the requirements, and later on can give you longer stringers, and when in the market will be pleased to have your orders."

That letter bears date January 30, 1902.

455* Mr. GREEN. Of what character of lumber are the stringers referred to there?

Mr. ENOCHS. Stringers for railroad purposes are practically heart.

Mr. GREEN. Of the best heart?

Mr. ENOCHS. It requires the best product of the forest to make them.

Mr. GREEN. Now as to the ability of your mills to add the advance of two cents to your prices?

Mr. ENOCHS. Well, we tried to get the advance.

Mr. GREEN. Well, have you been able to do it?

Mr. ENOCHS. We got it on a few scattered shipments, to start on.

Mr. GREEN. Well, what has been the result?

Mr. ENOCHS. We haven't got the advance. We haven't got the prices this year that we were getting before the advance. Our prices in some cases are less.

Mr. BOWERS. I want to hear the car-sill prices in that letter.

Mr. ENOCHS. Yes; I will file the letter. If you want me to read it, I will.

Mr. BOWERS. Yes; I would like to have you do so.

Mr. ENOCHS. Car sills from 20 to 35 feet inclusive, $12.00; of 35 to 40 feet inclusive, $14.50; 40 to 45 feet inclusive, $17.00; 45 to 55 feet, $20.00 or $21.00.

Mr. BOWERS. $25.00, isn't it, Captain?

Mr. ENOCHS. $21.00 and $27.00; 55 to 65 inclusive, $27.00.

456* Car decking, rough, $10.00.

Com'r PROUTY. I don't think you need read any more than that.

(The letter referred to by the witness was here filed as Exhibit No. 18.)

Mr. ENOCHS. I want to call attention—I read from the long lengths, and then there are short lengths in there.

Mr. GREEN. As to car sills, what is the character of those specifications as to car sills; are they above or below the average?

Mr. ENOCHS. The specifications for car sills of the Illinois Central are the hardest of any specifications which we work under, without it should be the Pennsylvania Railroad. I believe it is understood that the Pennsylvania Railroad people are more exacting in their requirements than anybody who handles yellow-pine lumber. They require it to be all heart.

Mr. GREEN. How does that compare with the New Orleans & Northeastern?

Mr. ENOCHS. I haven't got the New Orleans & Northeastern specifications. There is this point to be considered. If you use the standard sill or the heart sill it makes a great deal of difference, because of the quality of timber it takes to make them. The heart sill is very much more exacting in its requirements.

Com'r PROUTY. The testimony at Atlanta was that car sills must be substantially all heart.

457* Mr. ENOCHS. A great many have been made under lower specifications than that in the few years past.

Mr. GREEN. What are the grades of lumber produced in Mississippi territory from the log? How much of high, medium, and low grade is produced from the same log?

Mr. ENOCHS. Well, it would be too long a proposition to go into the question of grades in detail, but generally it divides into three classes—low grade, medium grade, and high grade.

Mr. GREEN. Well, what is the average of each?

Mr. ENOCHS. It runs in about equal proportions; about one-third each.

Mr. GREEN. What is the average value of the low grade at your mill?

Mr. ENOCHS. The average value of the low grade at the mill will run between $7.50 and $8.00.

Mr. GREEN. The rates, as I understand, on this lumber are all the same, no matter what the grade?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. What were the rates on the low grade at the mill by the Illinois Central prior to April 15th, 1903? How would they average with reference to the value of the lumber?

Mr. ENOCHS. Well, that is a varying proposition, having just as many variations as there are grades in lumber. For instance,
458* if the lumber is dry, the rate furnishes a smaller percentage; if its green, there is a greater percentage.

Mr. GREEN. As a general rule, what would you say as to the relative value of low-grade lumber and the freight rate north of the Ohio River prior to April 15th, 1903?

Mr. ENOCHS. I have got some transactions here which I am prepared to file.

Mr. GREEN. State it generally, please.

Mr. ENOCHS. It runs above 50 per cent in some cases and below in others.

Mr. GREEN. Will it average, under the rate prior to April 15th, about the value of the lumber at the mill?

Mr. ENOCHS. On all grades; yes, sir.

Mr. GREEN. Now, what is the effect of the advance of two cents on low-grade lumber?

Mr. ENOCHS. Well, since we do not get the average cost of our low-grade lumber, it increases the percentage of the nonprofitable product and decreases the percentage of the profitable production.

Mr. GREEN. Now, prior to April 15th, under the rate then, about what profit was there in the medium grade north of the Ohio River?

Mr. ENOCHS. We had very little above the average cost; in many cases nothing above it.

Mr. GREEN. When this two cents advance was made, as I understand, the low grade was being marketed unprofitably north of the Ohio River?

459* Mr. ENOCHS. Yes, sir.

Mr. GREEN. The medium grade was being marketed at a small margin of profit, if any. Now, the effect of this two cents advance is to increase the zone of the unprofitable manufacture of lumber, is it not?

Mr. ENOCHS. That is true.

Mr. GREEN. Can you give the Commission an idea of how far the zone of unprofitable manufacture, by reason of this advance, extends? I will make it specific in another form. A two cents advance on the 14-cent rate is 14⅔ per cent advance in the rate, is it not?

Mr. ENOCHS. I was just going to say, in order to work that out practically, I would need to make a table, but the percentage of the rate advance makes the proposition apply to all the products, so that it wouldn't be logical to apply it all to the low grades, but the two cents

advance increases our rates, as you have stated, 14⅔ per cent in this year, which, added to the 1 cent which they took in 1899, makes an average increase in the rate of 22 1/3 per cent.

Mr. GREEN. That has to be added to the cost of manufacture?

Mr. ENOCHS. That is taken out of the net return on the stuff sold. It doesn't enter into the cost of manufacture, but it comes out of the revenue.

Mr. GREEN. It's a part of the cost of manufacturing that product?

Mr. ENOCHS. It's a part of the cost as to the buyer, and
460* the buyer's cost is either added to in that per cent or the seller's revenue is decreased to that extent.

Mr. GREEN. As I understand, you have been unable to get the advance?

Mr. ENOCHS. We have not been able to get it.

Mr. GREEN. As I understand, the effect of this 14⅔ per cent on the cost of manufacturing would be on lumber that weighed 1,500 pounds about 30 cents per 1,000, would it not?

Mr. ENOCHS. It would.

Mr. GREEN. On lumber that weighed 3,000 pounds, 60 cents; 4,500 pounds, 90 cents, and 5,000 pounds, $1.30?

Mr. ENOCHS. That would be the increase in the cost of manufacture under the two cents advance.

Com'r PROUTY. What do you call a fair average profit on the manufacture of lumber?

Mr. ENOCHS. We have had on last year's operations an average profit——

Mr. GREEN. We will have the divisions of that, your honor, and produce them all.

Com'r PROUTY. All right. What grade of lumber are car sills made from; you say there are three grades?

Mr. ENOCHS. It would come into the higher class, but in the grading of lumber the term is ordinarily applied as to the yard dealers' trade.

Com'r PROUTY. Can car sills be either high-grade, medium,
461* or low grade?

Mr. ENOCHS. No, sir; it couldn't be low grade, because, in that case it would be paid for as culls, or refused, and the freight would be charged to us.

Com'r PROUTY. Of what grade of lumber is car decking?

Mr. ENOCHS. Car decking is medium grade.

Com'r PROUTY. Car roofing?

Mr. ENOCHS. Car roofing is medium and better. In fact, car roofing is first-class lumber.

Mr. GREEN. Now, then, Mr. Enochs, as I understand it, there has been an advance in rates within the past four years of two cents and more, and in some particulars I understood you to say, for example, in Iowa, of 4 cents?

Mr. ENOCHS. Yes, sir; that is true. There has been an advance to some Iowa points of 4 cents within the year; and since the rates, which were effective in 1893, there has been an advance of 4, 5½, 6, and 8 cents. I have got the data to support that, when you are ready for it.

Com'r PROUTY. The tariff must show that. He has made the statement, and if it isn't true it can be disproven.

Mr. Enochs. And in one case we had an advance of 12 5/10 between April 8th, 1903, and the tariff just issued.

Com'r Prouty. What was the rate in 1893?

Mr. Enochs. The rate was 32 4/10, and now it is 45.

Mr. Green. Now, Mr. Enochs, from the standpoint of the
462* advantage of yellow pine lumber as freight over other commodities, what have you to say, first, as to value?

Com'r Prouty. Some witnesses have testified in detail as to the value of yellow pine lumber, as to the value of coal, pig iron, and all those things; would it add anything to have him repeat that?

Mr. Green. I only want the statement here so that it might be brought to the attention of the Commission in a crude form, without going over it in detail. I can only ask the question from memory, and have to put it in a crude form.

Mr. Green (to the witness). State whether or not these advantages of yellow pine lumber exist as freight, first, as to value; second, as to tonnage; third, as to the cost of handling; fourth, as to the constancy of the traffic; fifth, as slow moving freight; sixth, adaptability of all equipment to its movement; seventh, indestructibility of material; eighth, no damage claims; ninth, no cars designed for lumber—grain and coal cars designed primarily for those articles and lumber for the return or complement haul, the cars being used for a two-way haul; tenth, long-haul roads; eleventh, full trains, thereby giving a distribution of rolling stock, and twelfth, Mr. Hudson's statement that ten years ago 64 per cent of the cars came out of New Orleans empty, and that now cars had to be hauled south for export business empty; thirteenth, that in group 5, Interstate Commerce Report for 1901, page 67, the freight car mileage for the year ending June
463* 30, of loaded cars and empty cars is as heretofore read into the record; fourteenth, no station expenses; sixteenth, equipment of open cars, shipper to make equipment capable of transporting freight. State whether or not those are the advan*y*ages of lumber as freight?

Mr. Enochs. Well, those are, or should be, to the credit of lumber as a transportation product.

Com'r Prouty. What is this that Mr. Hudson told you as to the condition in 1893?

Mr. Enochs. He told me that ten years ago they hauled 64 per cent of their cars out of New Orleans empty; and that now—that is, December of 1902, they were having to haul cars into New Orleans empty to take care of the business offered them.

Mr. Green. What is your observation as to the haul of the Illinois Central cars to the south loaded to capacity?

Mr. Enochs. Well, as to capacity, I had no opportunity to examine or to have an opinion, but generally my understanding is that they are hauled south well loaded.

Mr. Green. Now, refer to your freight bills representing actual transactions and file them with your testimony showing first, 16 freight bills from 1890 to 1893 showing an 8-cent advance in freight; second, 26 freight bills from 1890 to 1894 showing a 6-cent advance; third, 7 freight bills from 1892 to 1893 showing a 5½-cent advance; fourth, 44 freight bills from 1893 to 1895 showing a 4-cent advance, and fifth, one freight bill of 1893 showing a 12 5/10 cents advance.

464* Com'r PROUTY. You mean an advance between those dates and the present rates?

Mr. GREEN. Yes, sir.

Mr. GREEN (to the witness). I would like you to state the scope of territory covered by these freight bills, so as to show the area embraced by them. State whether or not those freight bills fairly represent the advance into the territory named on the freight bills.

Mr. ENOCHS. They do fairly represent that. You asked me to give information as to the distribution of this stuff.

Com'r PROUTY. Just state in a general way what it is.

Mr. ENOCHS. In a general way, this distribution shows it to extend from the Dakotas to Pennsylvania. The freight bills show it to have been distributed in that range of territory.

(The freight bills produced by the witness were here offered and marked Exhibit 19.)

Mr. GREEN. Now, refer to Interstate Commerce tariff B. 810, for the Yazoo & Mississippi Valley Railroad Company and the Gulf & Ship Island Railroad Company, taken in connection with the previous tariff of October 2nd, 1902; that's when this advance was applied to pine lumber, was it not?

Mr. ENOCHS. Yes, sir.

Com'r PROUTY. It appears that previous to a certain date, about 1893, there were a good many instances of through rates which
465* were not made by combinations north of the Ohio River, and it does not appear what the divisions of the lines south of the Ohio River on those rates were, and it might happen that the advance might be more or less than three cents.

Mr. ENOCHS. Mr. Green, on that line I want to call attention to the fact that immediately north of Cairo, between Cairo and St. Louis, rates on the Illinois Central were unusually advanced; that the rate advanced by this tariff more than two cents.

Com'r PROUTY. Are the rates to those points higher than to St. Louis? Is there not an intermediate producing point to which the rates are higher than to St. Louis?

Mr. ENOCHS. They are higher. The rate from Fernwood, Mississippi, on yellow pine, to St. Louis, is 18 cents. The tariff in effect April 15th, 1903, increased the rates to various points 3, 4, and 5 cents, so that these rates are now 1, 2, and 3 cents higher than St. Louis.

Mr. GREEN. Now, then, Mr. Enochs, in that connection, take the local tariff, using for reference the sheet you have there, showing the position of lumber as to classification in the local tariff sheet, and state what relation the rate on lumber, in this through tariff complained of by us, bears to that local tariff. Explain that matter fully so as to show how the Illinois Central Railroad Company has proceeded in reference to making rates on the lumber.

Mr. ENOCHS. We are using Illinois Central tariff M. 741,
466* which is effective the 1st day of June, 1897. The classification of freights is shown first in six numeral items, and then in twelve lettered items, so far as cents are concerned. In this classification lumber stands as the 17th item. Beginning with 5 miles, the first class is 20 cents, and the last class, or 0, is 3 cents. Lumber is 3½ cents, or next to the lowest class named.

Mr. GREEN. Next to the lowest classification?

Mr. ENOCHS. Next to the lowest lettered class. After that we have commodity tariffs. I have taken the sum of the 18 classes on the 5-mile basis, the sum of the 18 classes on the 550-miles basis, and that is the limit as to the lines south of the Ohio River, and this was made for southern lines, and I have taken the intermediate, or mean, basis to ascertain what was the mean or average of that tariff. As to the first item, the mean revenue which it will produce, will be $93\frac{30}{100}$ cents per 100 pounds. On the mean, or 220 miles, distance it will be $37\frac{32}{100}$ cents per 100 pounds. On the maximum basis, 550 miles, it is $45\frac{61}{100}$ cents per 100 pounds. The proportion which the first, or initial, business makes is $9\frac{30}{100}$ to $3\frac{5}{100}$. That is the first. The second shows a proportion of $37\frac{32}{100}$, whereas lumber carries $16\frac{5}{100}$ cents, and the maximum is $45\frac{61}{100}$, whereas lumber shows 20½ cents. The mean shows about 125 per cent above the average lumber rate. I will file later the tariff by its number, with the classification, to make the file complete.

467* Mr. GREEN. I understand from this that in the local classification of lumber by the Illinois Central that it stands seventeenth, or next to the lowest class, in the classification?

Mr. ENOCHS. That is what the sheet shows.

Mr. GREEN. And the figures that you have given here are to show the mean or average amount in cents, of all of the classes of freight that are covered by this local distance tariff, in order to ascertain what relative position lumber bears to the mean of all the classes of freight covered by this local tariff?

Mr. ENOCHS. To the body of the tariff?

Mr. GREEN. Yes; to the mean, so as to show the relative position of lumber as a commodity, in the classification of freights by the railroad?

Mr. ENOCHS. As a transportation commodity.

Mr. GREEN. And the price at which that is carried?

Mr. ENOCHS. Yes, sir.

(Exhibit No. 20 is herewith filed as part of the evidence of this witness.)

Mr. ENOCHS. The position and distance basis shown on this tariff, if traced back, will be found to be the same basis which was used for lumber in 1873, when I went into the lumber business, and this distance table applied to tariffs in effect, reading Ashville, Ill., will show that the present tariffs are higher by 2½ cents than this distance table would create to Murfreesboro, and to a number of other points the same results will be shown by tabulation.

468* Mr. GREEN. Interstate Commerce tariff sheet of June 12, 1903, supplement No. 125 to A–3550, shows a rate on cypress from Natchez and Lutcher to St. Louis and East St. Louis of 12 and 13 cents, while yellow pine lumber to the same points from corresponding distances in the same territory under the old rate was 18 cents, was it not?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. And under the present rate is 20 cents?

Mr. ENOCHS. Yes, sir. Do you want me to give the percentages now?

Mr. GREEN. I would be glad if you would give the percentages now.

Mr. ENOCHS. The distance from Lutcher to St. Louis is 723 miles. The tariff shows a rate of 12 cents.

Com'r PROUTY. Is Lutcher on the river?

Mr. ENOCHS. Yes, sir.

Com'r PROUTY. Whereabouts with reference to Natchez?

Mr. ENOCHS. About 100 miles south of Natchez.

Mr. GREEN. On the Yazoo & Mississippi Valley Railroad, your honor.

Mr. ENOCHS. While the rate is shown at 12 cents, of course,
469* we know there is an arbitrary of 2 cents for the bridge, the St. Louis bridge, which, being deducted, will give a net rate for the haul of 10 cents, or two dollars per ton. The distance of 723 miles gives a hauling revenue of 2.7 mills per mile. The rate from McComb City, figured upon the same basis, a distance of 605 miles, gives a revenue of 5.9 mills per mile, or an advance of 118 per cent in the rate.

Mr. GREEN. Now, the Illinois Central Railway tariff of September 30, 1902, Interstate Commerce E-3532—the rate on cottonwood lumber from Hanson City to Chicago, Ill., is 20 cents, and the rate from McComb, a nearer point to Chicago, is 26 cents. State whether the yellow pine is heavier than the cottonwood, and make any explanation of differentiation in that rate.

Com'r PROUTY. Where is Hanson City in reference to Natchez?

Mr. ENOCHS. Hanson is about 11 miles north of New Orleans, and farther from both Chicago and St. Louis than Lutcher is.

Com'r PROUTY. That is on the river also?

Mr. ENOCHS. Yes, sir; that is on the river. The distance from Hanson City to Chicago is 913 miles—I think I made a little
470* mistake in that. I think that is the distance from New Orleans.

Com'r PROUTY. Well, it is approximately that.

Mr. ENOCHS. I will change that, using 913 miles. It figured 47 per cent, and I remember I changed it to the proper distance and made 46 per cent increase. What I propose to show is this: The rate from Hanson to Chicago is 20 cents and from McComb it is 26 cents. The revenue as to Hanson is 4.38 mills per mile and from McComb City, the average of the yellow pine territory along the Illinois Central, it is 6.44 mills per mile, or a difference per ton per mile of 47 per cent as against yellow pine, and while this rate is named to Chicago it applies to a great number of interior towns throughout the States of Illinois and Indiana, and with few exceptions they carry the same increase of rate.

Com'r PROUTY. The carriers north of the Ohio River, are none of them parties to this proceeding?

Mr. GREEN. No, sir; it is only on the question of the reasonableness of the rate on lumber intrinsically.

Com'r PROUTY. You make a stronger case taking the rate to the Ohio River. What is the rate from Hanson City to Cairo?

471* Mr. ENOCHS. 16 cents now.

Com'r PROUTY. Not on yellow pine, but on cottonwood.

Mr. ENOCHS. It is not named to Cairo. I do not find it named to Cairo. (Referring to tariff.) I will say that the same sheet shows from Vicksburg to Nashville, Tenn., it is 11 cents, whereas yellow pine is 17 cents, or an advance of 55 per cent.

Mr. GREEN. What is the rate to St. Louis?

Mr. ENOCHS. The rate to East St. Louis and St. Louis proper on this tariff on cottonwood is 15 cents as against 20 cents to Chicago.

Mr. GREEN. And as against 20 cents on yellow pine to St. Louis?

Mr. ENOCHS. 15 cents on cottonwood as against 20 cents on yellow pine to St. Louis.

Com'r PROUTY. How is the rate from Hanson City to St. Louis higher than from Lutcher to St. Louis?

Mr. ENOCHS. Because the traffic managers made it so.

Com'r PROUTY. Is there any reason for it that you know of? Those two places are very near together—they must be—and they are both on the Mississippi River?

472* Mr. ENOCHS. There is this difference: This is an unlimited tariff (referring to tariff) and this is a limited tariff (referring to another tariff).

Com'r PROUTY. Which do you mean by "this?"

Mr. ENOCHS. This cottonwood tariff is an unlimited tariff. The cypress tariff is a limited tariff.

Com'r PROUTY. Does the cypress tariff name the low rate from Lutcher?

Mr. ENOCHS. Yes, sir; we introduce this for the purpose of comparison. If we fail or succeed in this case we will fail or succeed by what we can demonstrate as to what the transportation companies will do and do do themselves.

Mr. GREEN. Now, as to cement, reference has been made to that. The rate from New Orleans to Chicago on cement is 13 cents. It is 900 miles, is it not?

Mr. ENOCHS. Yes, sir.

Com'r PROUTY. Is that the regular published rate from New Orleans to Chicago?

Mr. GREEN. Yes, sir; I want to bring out some figures. As freight, cement is hauled in cars and the quantity is limited to 40,000 pounds?

473* Mr. ENOCHS. The tariff is based on 40,000 pounds, and for imported cement I think it will in many instances be found impracticable to put more than 40,000 pounds in a car, because you can not pile it one on top of the other, and therefore it is a one tier load, and because it is a one tier load you could not take the capacity of large cars and utilize the carrying capacity.

Com'r PROUTY. What kind of package is it transported in?

Mr. ENOCHS. A barrel package. Imported cements do not come, as I understand, in anything but barrels. Domestic is carried in sacks.

Mr. GREEN. Cement requires tight cars, does it not?

Mr. ENOCHS. Yes, sir; the dripping of a small quantity of water would spoil a barrel of cement.

Mr. GREEN. The expense of handling and loading cement is on the carrier, is it not?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. And the value of cement is very much greater than that of lumber?

Mr. ENOCHS. Well, that is a varying quantity. The grades would come in there.

474* Mr. GREEN. Have you made any figures with reference to the percentages on cement?

Mr. ENOCHS. I have got the figures, and without taking the time of the Commission, I will file it with these other exhibits.

(The same is hereto annexed and marked "Exhibit C to Mr. Enochs testimony.")

Com'r PROUTY. That will answer the purpose. I believe one of your witnesses testified that they thought they lost money on that.

Mr. GREEN. I believe he did. I think that was on coal.

Com'r PROUTY. He was talking about the cement rate also.

Mr. GREEN. By reference to the Illinois Central Railroad Company's report for 1903, Table No. 7, you will find the total freight receipts amounted to $30,592,094.32. Now, this 2 cent advance on lumber, you have figured to be an advance of 14 per cent in the freight, have you not?

Mr. ENOCHS. 14¼, is it not?

Mr. GREEN. 14⅔. Taking the Illinois Central report of the total freight receipts for 1903 as $30,592,094.32 and multiplying it
475* by this percentage of advance produced by the 2 cents, we would have an increase of revenue of——

Mr. ENOCHS. I want to change that figure. I made that figure on the basis of 14⅔. I have added ¼. The aggregate amount would be $4,370,319.18 on the revenue for 1903 if that percentage of advance should be uniformly applied to the traffic which they handled in that period. That is to say, if the tariffs were properly adjusted before, the changes they made on lumber would make this increase in revenue.

Mr. RUSSELL. Would that be the increase on lumber?

Mr. GREEN. It is the increased proportion on other commodities like lumber.

Mr. ENOCHS. You need not ask the question as to the next proposition. The effect of the 3 cents advance to Cairo—that would be using $23\frac{1}{3}$ per cent—would be a gross revenue of $7,059,714.07. I will typewrite this and file it with you.

(The same is hereto annexed and marked "Exhibit to Mr. Enoch's testimony.")

Mr. GREEN. The Illinois Central Railroad Company and the
476* Mobile & Ohio Railroad Company, after the tariff complained of, of April 15, 1903, on May 7, 1903, promulgated a joint tariff in connection with the Cotton Belt and other roads on the west side of the river, Supplement 10 and Amendment 3 to No. 4724, whereby a 2 cent advance was canceled, did they not?

Mr. ENOCHS. This is the tariff you have reference to [exhibiting tariff].

Com'r PROUTY. Is that the Interstate Commerce number?

Mr. ENOCHS. The Interstate Commerce number is 1607.

Mr. GREEN. That canceled the 2 cent advance from west of the river, did it not?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. And did not cancel it from this side?

Mr. ENOCHS. That is right.

Mr. GREEN. Subsequently they canceled that, did they not?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. We will file this tariff.

(The same is hereto annexed and marked "Exhibit D to Mr. Enoch's testimony.")

Mr. GREEN. Lumber, normally as a transportation commodity, is minus the general average, is it not?

477* Mr. ENOCHS. It is.

Mr. GREEN. And down low in the average?

Mr. ENOCHS. Very low down by this classification we have exhibited.

Mr. GREEN. Now, taking the average freight per mile from the report of the Illinois Central road for 1902–03, we find that the average cost per ton per mile on all products was .591 mills, was it not?

Com'r PROUTY. Do you mean the cost or the receipts?

Mr. GREEN. I mean the receipts. Is that correct, Mr. Enochs?

Mr. ENOCHS. Yes, sir.

Com'r PROUTY. You mean 5.91 mills?

Mr. GREEN. Yes, sir. The lumber on the average haul under the rate prior to April 15, 1903, was 5.9 mills, was it not?

Mr. ENOCHS. That is the way we figure it out by a table which we will file.

(The same is hereto annexed and marked "Exhibit E to Mr. Enoch's testimony.")

Mr. GREEN. Those are the figures you make on it?

478* Mr. ENOCHS. Yes, sir.

Mr. GREEN. Then, under the 2 cent advance, it figures out 6.8 mills, does it not?

Mr. ENOCHS. Yes, sir.

Com'r PROUTY. In that computation what do you take as the average haul, the average number of miles this lumber is hauled by the Illinois Central?

Mr. ENOCHS. In making this calculation, we propose to go to the average per ton per mile revenue.

Com'r PROUTY. You have introduced, as I understand, the average per ton per mile on the whole Illinois Central system?

Mr. GREEN. Yes, sir; for the first average. Second, is south of the Ohio River.

Com'r PROUTY. This lumber moves from various points south of the Ohio River to Cairo and the rate is the same. What is the average distance which you estimate?

Mr. GREEN. I omitted to state that the average of 5.9 mills was the average of the receipts south of the Ohio River. Is that correct?

Mr. ENOCHS. No; the average receipts are 5.91 mills per

479* ton per mile on their whole system. Now, I want to say that the average under a 14 cent basis from Illinois Central mill points gives 5.90 mills per ton per mile, whereas the advance shows it to be a 6.8 mills per mile.

Com'r PROUTY. These mills are located on the Illinois Central how far south? What is the most southern mill on the Illinois Central road that manufactures yellow pine lumber?

Mr. ENOCHS. The most southern mill on the Illinois Central road is about 540 miles from Cairo, and the most northern mill is about 340 miles from Cairo.

Com'r PROUTY. And the rate is 16 cents?

Mr. ENOCHS. Yes, sir.

Com'r PROUTY. What distance do you take?

Mr. ENOCHS. I take the average distance. In fact I base that calculation on McComb City, which is by mileage and in fact a fair average as to the yellow pine territory on the Illinois Central.

Mr. GREEN. So, taking 5.91 mills as the average freight receipts during 1902–03 of the Illinois Central Railroad, you find that lumber which is recognized as being a minus average commodity——

Mr. ENOCHS. Revenue-bearing commodity?

480* Mr. GREEN. Revenue-bearing commodity—was under the old tariff.

Mr. ENOCHS. Even.

Mr. GREEN. Even with the average; and under the 2 per cent advance you find that it is 6.8 mills, or largely in advance of the mean average.

Mr. ENOCHS. That is right.

Mr. GREEN. Thereby this new tariff has entirely displaced lumber from its recognized normal position as a commodity for traffic.

Mr. ENOCHS. That is what the figures were made to show.

Mr. GREEN. Now, touching the operations of mills, why is it that you run your mill to its utmost capacity under adverse market conditions?

Mr. ENOCHS. Because I make lumber cheaper by running double shifts instead of single shifts.

Mr. GREEN. You spread fixed charges over a greater area?

Mr. ENOCHS. I do.

Mr. GREEN. And the lower price you are able to obtain, the less for production.

Mr. ENOCHS. The price for production and cost received

481* are entirely separate propositions.

Mr. GREEN. But you endeavor to spread your fixed charges over as great an area as possible to decrease expenses?

Mr. ENOCHS. As a manufacturing proposition, that is the principle.

Mr. GREEN. In 1893, when all or nearly all the mills—all but two on the Northeastern road shut down, and I think all but one or two on the Illinois Central shut down—what policy did you pursue with respect to manufacturing in the face of the adverse rates and market?

Mr. ENOCHS. That was in 1896; not 1893. We began then to operate the mill day and night.

Mr. GREEN. For the purpose as stated?

Mr. ENOCHS. Because, in the first place, we could not shut down without a great loss, and we figured the proposition out and found that it was cheaper—that is, it was advantageous to us to run night and day at an ascertainable loss than to shut down and take a greater loss.

Mr. GREEN. When you shut down a plant like yours, having a large number of skilled employees, what is the effect on its organization and the difficulty of reinstallation?

482* Mr. ENOCHS. The effect of any manufacturing plant shutting down is disastrous. It is especially so with the lumber business, because there is a greater amount, a greater diversity of detail in a well-administered lumber operation, than in any other line of operation. Again, the element of risk is involved. For instance, if a man

shuts his mill down, then his insurance policy is canceled, or it is increased, I should say, to double the amount. The rate is increased to double the amount—that is to say, in 1895 we bought a mill that was idle. We insured that mill, and when we insured it we paid a 10 per cent rate. When we operated it we paid a 4½ per cent rate. It not only applies to the equipment, but to the organization. There is no limit to the disaster that comes from shutting down in our line.

Mr. GREEN. Have you prepared a statement for the fiscal years 1901 to 1902 and 1902 to 1903, showing the average sale price and the difference between the sale and the cost price and the margin of profit?

Mr. ENOCHS. Our fiscal year for the mill from which we took the illustration runs from May 1st to April 30th in the years 1901 and 1902.

483* Mr. GREEN. That is, from May 1st, 1900, to April 30, 1901.

Mr. ENOCHS. May 1st, 1901, to April 30, 1902.

Mr. GREEN. All right.

Mr. ENOCHS. The average mill cost, including stumpage on 21,758,871 feet, was $9.39. In that estimate we allowed one dollar per thousand for stumpage. The average sale price was $11.43. The difference in the cost of the product and the price at which it was sold was $2.04. In 1902 to 1903 we manufactured 25,296,773 feet at an average cost of $10.93, charging stumpage at $2.25 per thousand, which was sold for $12.35 per thousand average, leaving the difference between the cost price and the price at which it was sold of $1.42 per thousand.

Com'r PROUTY. If you reckon your stumpage the same, the difference would be greater the second year than the first. Add $1.25 to your last profit.

Mr. ENOCHS. It would have been $2.67.

Com'r PROUTY. As against $2.04?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. Why did you put in your stumpage value in 1902 to 1903 at $2.25?

484* Mr. ENOCHS. Because that was its market value.

Mr. GREEN. Had you or not during that year sold a large body of yellow pine land at that price?

Mr. ENOCHS. We did sell a tract of land at that price within that period.

Mr. GREEN. Why did you sell this large body of pine land at $2.25 stumpage instead of putting it through the process of manufacture, thereby endeavoring to increase your margin of profit?

Mr. ENOCHS. That timber lay 35 miles from the Illinois Central Railroad, and we decided we would make more money to put it into money at that price than to put it into lumber at the price we could get.

Mr. GREEN. How far did your logging road extend from your mill towards this timber 35 miles distant?

Mr. ENOCHS. It goes right into it. The main line at that mill went right into the section before we began to sell it, 31 miles, and we branch off so that our maximum haul at that mill is 35 miles.

Com'r PROUTY. When did you acquire that timber?

Mr. ENOCHS. About 5 years ago.

485* Com'r PROUTY. Have you any objection to stating the price?

Mr. ENOCHS. No, sir.

Com'r PROUTY. What did you pay for it?

Mr. ENOCHS. I paid six dollars an acre.

Com'r PROUTY. It runs about how many thousands to the acre?

Mr. ENOCHS. About 9,000 feet. We made a good profit on the sale.

Mr. GREEN. Now, as a milling proposition, you sold that body of timber into which your railroad ran, with a mill fully capable of manufacturing it, at $2.25 a thousand rather than to manufacture it under the present conditions.

Mr. ENOCHS. That is true. I want to say one thing, however, in explanation of that margin. All that was not margin, because we have a sawmill and a railroad to abandon there, which must be taken out of that propsition, but we counted all those things in, and my associates and I arrived at the conclusion that we would get a better net result out of that proposition to sell at that price than to undertake to mill it under the conditions and competition and discriminations which obtained and applied to our lumber situation.

486* Com'r PROUTY. Did you sell it before or after the advance in rates?

Mr. ENOCHS. We sold it before.

Com'r PROUTY. Before you knew of it?

Mr. ENOCHS. Before we knew of it. We had the matter in contemplation some months, and weighed it very carefully.

Mr. CATCHINGS. What will the people who bought it from you do for a railroad?

Mr. ENOCHS. They will have to build their own railroad. I want to say in that connection that before making that sale and while that matter was under discussion, we took the matter of tap lines up with the Illinois Central Railroad and presented our situation to them, which, I believe, is the hardest situation in the South, distance and topographical conditions being considered, and showed it to them fully, by plat of land and profiles of the country, and we asked them, in consideration of all those things, reciting the practices at other places, to allow us to have that which our competitors were having, and in the meantime advised them that this discussion was on and that we were going to sell it if they did not change their attitude as to this subject matter.

487* Mr. RUSSELL. The profit you made on the sale was also considered, was it not?

Mr. ENOCHS. Certainly; we were able to see that.

Mr. GREEN. How long did you carry that land and pay taxes on it?

Com'r PROUTY. He said about 5 years.

Mr. GREEN. You lost the interest on your investment that number of years. Now, is that railroad of 31 miles' extent an ordinary logging road, or what character of road is it?

Mr. ENOCHS. Well, its gauge is 36 inches. It is a very good logging road. It is above the average as a logging road.

Mr. GREEN. I wish you would inform the Commission as to the value of a sawmill with its territory of timber exhausted.

Mr. ENOCHS. Well, the sawmill is a scrap pile after you cut the timber away?

Mr. GREEN. What percentage of its cost is it worth?

Mr. ENOCHS. Well, I could illustrate that better by an actual transaction than by the statement of an opinion. In this year a mill
488* on the New Orleans and Northeastern Road, which failed to get a lot of timber it expected to get, was offered for sale. They showed my associates and myself a book value of $148,000. We bought it for $38,000, including about $12,000 worth of logs. That is, the logs are to be scaled up. We are perfectly safe in saying that as to the real cost itself, it will fall below $20,000. It is a little less than 14 per cent.

Mr. GREEN. Was that a new mill?

Mr. ENOCHS. I do not think it ran 150 days altogether.

Mr. PRINCE. Some of these people said they charged into their estimate deterioration of mill. Do you do that?

Mr. ENOCHS. In this element of cost I have computed the element of deterioration.

Mr. GREEN. In that statement you prepared there, showing a constantly decreasing margin of profit as to the milling problem, do you include anything for the commercial losses on bills and discounts?

Mr. ENOCHS. No, sir.

Mr. GREEN. The economical aspect of that is not considered at all; only the milling problem is in that?

Mr. ENOCHS. The sale value is what the stuff will be worth
489* 60 or 90 days from the date of invoice. It is subject to a 2 per cent discount if paid in 10 days.

Mr. GREEN. As to losses on those bills, that is not counted?

Mr. ENOCHS. It is not in it at all.

Mr. GREEN. That is a manufacturing proposition.

Mr. ENOCHS. The sale proposition and manufacturing proposition are entirely separate and distinct.

Mr. GREEN. This is lumber you have testified is marketed all over the country and subject to the hazards of commercial purchases?

Mr. ENOCHS. We sell lumber in 23 States and need them all to sell it.

Mr. GREEN. Mr. Butterfield described yesterday a system of requisitions for cars, and his testimony in that regard is the rule in respect to the plants, is it not?

Mr. ENOCHS. The car supply has been a very strenuous situation for quite a time on the Illinois Central road. The very best man we have in our employ is assigned to this branch of the work, and he has trouble.

Mr. GREEN. If you have prepared a statement showing the percentages received by the Illinois Central Railroad on its own
490* traffic and those on traffic from the Gulf & Ship Island Railroad Company under the division of rates, I would be glad to have you state generally what they are and file the statement with your testimony.

Mr. ENOCHS. Using the average of 80 miles on the Gulf & Ship Island Railroad and the actual mileage between Jackson and Cairo, as between business originating on the Gulf & Ship Island and reaching Cairo, the percentage to the Gulf & Ship Island is 260 per cent above the I. C.

Com'r PROUTY. In order to understand this, are you talking about the rate per ton per mile now?

Mr. ENOCHS. Yes, sir.

Com'r PROUTY. What do you estimate to be the average distance on the Gulf & Ship Island?

Mr. ENOCHS. 80 miles.

Com'r PROUTY. You say that is a fair average distance?

Mr. ENOCHS. I say that is a fair average distance. I will explain that.

Com'r PROUTY. I do not care to have you do that.

Mr. ENOCHS. I have taken McComb City and Hattiesburg as the points.

Com'r PROUTY. What do you assume the division of the Gulf & Ship Island to be on the 16-cent rate?

491* Mr. ENOCHS. 7 cents.

Com'r PROUTY. To the Gulf & Ship Island?

Mr. ENOCHS. Yes, sir; and the rate per ton per mile the Gulf & Ship Island receives is 260 per cent above what the I. C. receives. That 260 per cent applies as against I. C. mills proper. As to the traffic which they divide between themselves, the Gulf & Ship Island has 360 per cent and it is 180 per cent above the I. C. average. I will file that.

(The same is hereto annexed and marked "Exhibit E to Mr. Enochs' testimony.")

Mr. GREEN. Have you the division sheets of the Illinois Central and Gulf & Ship Island?

Mr. ENOCHS. No, sir.

Mr. GARDINER. Those were filed under my testimony.

Mr. GREEN. Now, Mr. Enochs, in considering the matter of tap lines that the New Orleans & Northeastern Railroad was giving some years ago, about which there has been testimony, did you have a conversation with Mr. Bowes, of the Illinois Central, in regard to what the Illinois Central Railroad Company was going to do in respect to the New Orleans & Northeastern situation as to tap

492* lines, and what did he say?

Mr. ENOCHS. I did go to see Mr. Bowes about that matter and talked with him. After introducing the matter, I went on and stated what was the practice in Arkansas and what the New Orleans & Northeastern Railroad was doing, and he said that he knew that the practice was in vogue both as to the Arkansas mills and as to the New Orleans & Northeastern and the Mobile & Ohio railroads, and as to the Arkansas situation, they would not undertake to meet it; that as to the rail lines on this side, they were going to stop it. He simply said they did not have to do it and were not going to do it.

Mr. GREEN. Now, Mr. Enochs, how much consideration have you given to the question of a fair and reasonable rate on lumber?

Mr. ENOCHS. Well, the lumber rate has been involved during my whole life. I did a little railroad work before I went to saw milling.

Mr. GREEN. You were in the railroad employ before you went to saw milling?

Mr. ENOCHS. Yes, sir; so that immediately after going into

493* the sawmill business it became necessary for me to take care of the transportation feature in it, and the experience I had in

railroading gave me a better insight into it than if I had not had that experience. It has been a constant proposition since 1871.

Mr. GREEN. Have you given a great deal of time and attention to the study, both in its practical and theoretical aspects?

Mr. ENOCHS. Generally, I have carried it all the while, and in 1893 and 1894 I put in a straight year.

Mr. GREEN. Have you read all the literature on the subject of rate making and the theory of rates accessible to you?

Mr. ENOCHS. Not nearly all. I have read a great deal of it. It has been a constant study.

Mr. GREEN. And you are thoroughly familiar with the conditions that surround the transportation company and the traffic, are you?

Mr. ENOCHS. I do not know that I should say I am thoroughly familiar with the other side of the proposition. I am as familiar with it as my opportunity and facility will allow me to be.

Mr. GREEN. After diligent study?

494* Mr. ENOCHS. Yes, sir.

Mr. GREEN. Now, from your study and knowledge of the subject, would you or not say that this advance of 2 cents per hundred pounds on lumber here in controversy was a reasonable or unreasonable rate?

Mr. ENOCHS. If I did not think it was an unreasonable rate I would not be in this presence. Emphatically, I say it is unreasonable.

Mr. GREEN. To the full amount?

Mr. ENOCHS. To the full amount.

Mr. GREEN. What, in your best judgment, would be a fair and reasonable rate to the carrier as a transportation problem for the service rendered to the public in the transportation of lumber from the territory involved on this side of the river and from the Arkansas side of the river to Cairo as a basing point?

Mr. ENOCHS. Unqualifiedly, I think the railroad's share in the proposition was ample before this advance.

Mr. GREEN. Anything else that occurs to you you may state.

Mr. ENOCHS. You skipped one feature that occurs to me just
495* now, and that is: We wanted to introduce some testimony as to the selling values on low grades.

Mr. GREEN. Give the Commission the information now.

Mr. ENOCHS. We file an invoice with the order and the settlement for several cars of lumber, one shipped to Cleveland, Ohio, in the territory involved here, on the 13th of November, 1902, the freight on which was $6.23; our receipt out of it was $6.02; another one to the same party, freight, $6.21; our receipt, $6.29. Another one to Dayton, Ohio, the railroad receipt was $7.84; ours was $7.41. Another one to Dayton, Ohio, the railroad receipt was $7.60; ours was $7.65. Another one to Terre Haute, Ind., freight receipt was $6.25; our share was $6.90. Another to Dayton, Ohio, the railroad share was $7.39; ours was $7.61. One to Syracuse, New York, our share was $6.87, and the railroad's was $7.13. Those shipments were in 1902 and prior to the advance. I also furnished copies of 5 invoices on an f. o. b. sale of No. 3 boards, sold for $6.00 per thousand, amounting to $119. The freight on that was $145.80; another one, same price, $6, amounting to $134.77; the freight was $167.10. Another one at the same price gave us $11.77, and the freight was $163.50. An-

other, same price, gave us $125.25, and the freight was $138.30.
496* Another gave us $165.20, and the freight was $163.20. And there was a cash discount of 2 per cent allowed to these parties when they paid the bills.

(The papers above referred to are hereto annexed and marked "Exhibit F to Mr. Enochs' testimony.")

Mr. CATCHINGS. How was the freight paid, in advance or at the other end?

Mr. ENOCHS. The freight was paid at the other end always. The cash discount does not apply to the freight.

Mr. GREEN. Those are fairly representative transactions?

Mr. ENOCHS. Those represent transactions as part of the low-grade product.

Mr. GREEN. I say they are fairly representative of that character of sales?

Mr. ENOCHS. It is a territory we must have if we want to dispose of that class of our product.

Mr. GREEN. Is there any other matter, Mr. Enochs?

Mr. ENOCHS. Yes, sir; one thing that I think is important.

Mr. GREEN. In respect to the equipping of cars there has been a great deal said. We wish to call attention specifically to the
497* rules and regulations to show that there has been a good deal of inaccuracy in the testimony in respect to what is required. We have here the rules and regulations, which we will file with the Commission.

Mr. ENOCHS. I think the size is stated, but as to the conditions which we are required to perform as to double loading, they were not fully enough stated, and a perusal of this Illinois Central Railroad Company's rules for loading long materials will amply show that. I will file a copy of that.

(Same is hereto annexed and marked "Exhibit A to Mr. Enochs' testimony.")

Com'r YEOMANS. Were the rates from this territory satisfactory to the producers before this 2 cents advance?

Mr. ENOCHS. Yes, sir. I find there was another one of these tables I wanted to file with the Commission, showing comparative earnings under a special rate given on the Y. & M. V. Railroad at Redwood, 12 miles north of Vicksburg.

Mr. GREEN. We ask to be allowed to make a tabulation and file it.

Mr. ENOCHS. I want to state in connection with that that the mill from which this stuff is shipped is not located on the river or on the railroad, but the stuff is hauled in by wagon.

498* Mr. GREEN. That is Cox's mill?

Mr. ENOCHS. Yes, sir. It is located 15 miles from Redwood and 8 miles from the Yazoo River. That is the information I have from a reliable party that I sent there to ascertain that fact. There is another point I want to talk about a little and that is the question of light mileage of cars. You have covered the question of empty mileage, but as to light mileage you did not question me.

Mr. GREEN. Make the statement you desire.

Mr. ENOCHS. I think I stated as to our shipments that our shipments show the last month 50,000 pounds. The railroad companies have got cars that run from 28,000 pounds to 80,000 pounds in capacity. They make their tariffs so as to accommodate the minimum car-

rying capacity of that equipment, and it is necessary for them to do that. It necessarily follows that there will be a heavy movement at or near the minimum of the carrying capacity, and recognizing—I take it this is the explanation of the proposition—recognizing that principle, they make their tariffs on twenty-four and thirty thousand pounds for a carload. They want shippers to use their cars
499* to their stenciled capacity, and in turn the interest of shippers lies in doing this same thing, and shippers do attempt to do it. We are often prevented from doing this by the methods of the companies themselves as to the supply of cars. For instance, if we have a shipment which calls for a 40,000-pound car or a 60,000-pound car, and we make a requisition for that car and it is not furnished us in the capacity asked for and it is delayed and delayed, and later they put on our sidetrack a larger car for loading, why we load it out and that car goes out on light mileage through no fault of the shipper. This is evidenced in one instance I know of, in which the general freight agent of the Illinois Central Railroad said—and we have the tariffs here which show his rate on brick to be made on the basis of 50,000 pounds, and he gave us smaller cars, and the customer complained of it because he had to pay for 40,000 pounds when 30,000 pounds were shipped. Mr. Rhett said: "You are permitted to load 44,000 pounds in a 40,000-pound car. We will take 44,000 pounds when loaded in 40,000-pound cars." I will file that. I should follow that up by saying that so far as our individual experience goes we never had a complaint from our line as to the lading of cars until after this proposition was initiated.

500* Com'r YEOMANS. What proposition do you mean?

Mr. ENOCHS. This controversy as to the rate advance—this 2-cent advance—when it seems to have been brought to their attention and they made it an element of their answer, whereas it has been a continuing proposition for years that when cars have been loaded above the stenciled capacity we have had to transfer them at the scale set forth or pay for having it done. I do not think you brought out the difference in practice of grouping as between the Southern Railway and the Illinois Central Railroad.

Mr. GREEN. Well, describe that to the Commission. I thought that was fully explained in Georgia.

Mr. ENOCHS. They did not refer to our situation. They exhibited their own grouping situation. For instance, the Southern Railway, as I understand it, has a large mileage which practically has no lumber-producing section. The lines which reach into the lumber sections, they make additions of 1, 2, and 3 cents. The Illinois Central Railroad Company does not adopt that policy as to its connections. It absorbs through its divisions all of the division for its tributary line, and there is nothing added as an arbitrary, as
501* is the case over there. You can see the effect of that bearing upon the mill located—upon the party or owner located, as I happen to be. Whereas I haul my product 35 miles in one case and 20 miles in the other case, they, by contractual relations with the Gulf & Ship Island, advance the position of the shipper who locates his mill on a new line and cuts his timber so that he hauls it to the shipping road without a logging road, and the relation between my condition and his is that his cost at his mill is what my cost is at the end of my tram road or logging railroad.

There is another point I think you omitted to bring out—I know you did—in this discussion about prices and open cars and the 3 cents differential which was made for open-car movement. Years ago, after they abandoned that and when we had this rate discussion up, I undertook to volunteer to the traffic men that I would not object to a return to that practice. I argued that if there ought to be a differential as to flat-car movement that the man who made an investment and manufactured product did not need, we ought to be given credit for it. I was met with the answer, well, so far as that was concerned, we could not afford to do that, because, as a matter of fact, that was stuff that went into car construction and the payment for it legitimately came back to the railroads.

502* Mr. GREEN. The railroads, in point of fact, abolished the differentials between flat and box cars by putting them all on the same basis as flat cars, did they not?

Mr. ENOCHS. Yes, sir.

Com'r PROUTY. Is that so, or did they knock off that 3 cents altogether? Did they not abolish that distinction by knocking off the 3 cents and applying the box-car rate to everything?

Mr. ENOCHS. They abandoned the differential as to flat cars.

Mr. GREEN. And adopted the box-car rate?

Mr. ENOCHS. They had only one rate; yes, sir.

Mr. GREEN. That applied at that time particularly to the transportation of car sills and structural material that came out of the railroads, did it not, as it was used for their purposes?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. I believe that is all.

Mr. MILLER. I want to ask you one question. Commissioner Yeomans asked you a moment ago if the lumber shippers were satisfied with the rates in effect prior to this advance. You said they

503* were. Did that answer have any reference to the continued tap-line division practiced west of the river?

Mr. ENOCHS. Certainly not. I answered that question with this view of the matter, that the tariffs were the exhibitions of the rates.

Mr. MILLER. I supposed that. That is all.

Mr. GREEN. That is all.

Cross-examination:

Mr. BAXTER. You said in your direct examination, as I remember it, that you used only a small percentage of open cars for loading lumber at your mills. Is that correct?

Mr. ENOCHS. That is right.

Mr. BAXTER. Of the total number of cars used for transportation from your mills, what per cent would be open cars and what per cent would be box cars?

Com'r YEOMANS. He testified that the open cars would be 15 per cent.

Mr. BAXTER. What kind of lumber is your mill engaged in the manufacture of—dressed lumber?

Mr. ENOCHS. We carry the whole line. We manufacture car sills when we have orders.

Mr. BAXTER. Do they go in box cars or flat cars?

504* Mr. ENOCHS. They go in open cars. Some car sills move in box cars. For instance, if an order is placed for the repair of

shorter cars than the present standards, and that sometimes happens, those fall within the carrying capacity of a box car, and, so far as we are concerned, we would load it in a box car, because it would come to us more promptly.

Mr. BAXTER. What I was trying to get at was: There is a large proportion of box cars used by you as compared with flat cars in view of the character of the lumber you manufacture.

Mr. ENOCHS. The character of the lumber we manufacture and the method of handling it. Now, the small mill owner could oftentimes use a box car if his loading scheme was organized so as to load it with the same economy that a well-planned scheme will allow. If the mills are built up high enough to load down, we do not have any lifting to do. The man that has to elevate his stuff and shift it in the operation of the elevation is at a disadvantage, and it is largely a question of loading and the cost of loading which enters into this question of the kind of equipment used.

505* Mr. BAXTER. Did I understand you to say you are a member of what is called the Southern Lumbermen's Association?

Mr. ENOCHS. I am.

Mr. BAXTER. How long has that been in existence?

Mr. ENOCHS. About 13 years.

Mr. BAXTER. Have you any journals or newspapers or magazines, or any reliable literature, published by the lumber people, from which you could give me the amount of capital invested in the sawmill plants, including their timber lands and other timber rights in 1868 or about 1868? Could you get from any source reliable information as to that?

Mr. ENOCHS. There is nothing in the records of the proceedings of the Southern Lumbermen's Association which deals with the question of values of mill plants or timber properties.

Mr. BAXTER. Well, are there any statistics, either in the United States census reports or in your lumber newspapers or journals of a reliable character, from which you could give that information?

506* Mr. ENOCHS. As to 1868, I would say emphatically, no; there is not.

Mr. BAXTER. How far back could you go and get statistics to cover the territory of Mississippi, Alabama, and eastern Louisiana?

Mr. ENOCHS. The statistics which are available as to your question are quite meagre and the files of the Lumber Journal will furnish more information along this line than any other source—that is, whatever can be found, there is where it will be necessary to look for it. I have not got complete files so as to give you, out of my personal holding, the information you ask for?

Mr. BAXTER. Well, now, can you give us what amount of capital is now represented by the sawmill plants, including timber lands and timber rights in Mississippi, Alabama, and eastern Louisiana territory?

Mr. ENOCHS. Mr. Gardiner testified as to that, and so far as he testified I would approve of it, because those are matters we have discussed mutually, and my testimony would be a duplication of his. I have not got any table, nor have I charged myself with that feature of the information to be furnished the Commission, but I will adopt that which has been given prior to this time.

507* Com'r PROUTY. Did Mr. Gardiner's estimate include timber rights?

Mr. ENOCHS. I do not think it did.

Mr. BAXTER. Will you attempt to answer the last question I put to you concerning timber rights and timber lands and file it as an exhibit to your testimony?

Mr. ENOCHS. What does it involve?

Mr. BAXTER. The question is what amount of capital is now represented by the sawmill plants, including their timber lands and timber rights in Mississippi, Alabama, and east Louisiana territory?

Mr. ENOCHS. No; I would not undertake to do that, because it would involve an amount of time that I could not take from my business, and I could not take any man who is in my employ and assign the work to him with confidence that it would be accurately gotten.

Mr. BAXTER. Can you give me the name of any reliable lumber journal or other publication from which I can compile the information myself?

Mr. ENOCHS. The American Lumberman, the St. Louis Lumberman, the Lumber Trade Journal, the Southern Lumberman. There are four journals that are particularly conversant with
508* this section of territory and those are sources from which you could get the information.

Mr. BAXTER. That is all I wish to ask.

Mr. RUSSELL. You belong to the Southern Lumberman's Association?

Mr. ENOCHS. I do.

Mr. RUSSELL. What is the purpose of that association?

Mr. ENOCHS. To promote the yellow pine industry.

Mr. RUSSELL. You make a price list, do you not?

Mr. ENOCHS. No, sir.

Mr. RUSSELL. Never did?

Mr. ENOCHS. We have made price lists; yes, sir.

Mr. MILLER. I would like to know what that has to do with the matter under consideration.

Com'r YEOMANS. That has some bearing. We want all the facts.

Mr. GREEN. As I understand, this Southern Lumberman's Association is an association composed of parties on each side of the river for the purpose of advancing their mutual interests.

Com'r YEOMANS. I understand that that is what Mr. Russell is trying to find out.

509* Mr. RUSSELL. You stated that the railroads——

Mr. ENOCHS. Mr. Russell, I answered you that they issued a price list, and I, of course, may be permitted to say what I want to in reference to that.

Mr. RUSSELL. Certainly.

Mr. ENOCHS. I take it that the purpose of that question is, or the intimation of that question is, that a price list means a binding agreement, or that it influences values as to our product. If that is the intimation of it, and if that is the purpose of it, I want to emphatically deny that it has any such effect, or that it is possible to get any such an effect as to the owners and operators and sellers of yellow-pine lumber. I am perfectly willing to meet that.

Mr. RUSSELL. Well, Mr. Enochs, have there ever been any complaints before that association that some members were violating

the agreement by underselling the price lists agreed upon by the association?

Mr. ENOCHS. No, sir.

Mr. RUSSELL. You never heard of any?

510* Mr. ENOCHS. Not in recent years, and in turn I will undertake to say there is no complaint. I complained of my neighbor for selling stuff cheaper than I thought he ought to do it.

Mr. RUSSELL. Now, Mr. Enochs, you stated in your testimony that the railroads designed cars for special classes of business, mentioning stock cars to handle stock. Could you handle stock in any car other than a stock car?

Mr. ENOCHS. They do in a limited way.

Mr. RUSSELL. It does not amount to anything?

Mr. ENOCHS. It is impossible to handle stock in other than stock cars because of the safety and comfort of the product transported.

Mr. RUSSELL. Is it not a fact that stock cars are constantly used in loading flour in barrels; cabbage, loose or in crates; apples in barrels, and other commodities?

Mr. ENOCHS. I never knew a stock car to be loaded with flour in barrels. I think it would be a very hazardous proposition. I could not assume to have information on all the traffic that would be handled. What you would do in the event of a heavy rain storm when you had flour in the stock car, I do not know.

Mr. RUSSELL. Have not you seen Irish potatoes transported in them?

511* Mr. ENOCHS. I can not testify that I have seen them. I will allow that Irish potatoes might be transported in a stock car, but I will not allow that it would be a safe proposition, because the same contingency might arise that might arise as to the flour.

Mr. BOWERS. What character of cars were you advised that the Illinois Central uses in construction?

Mr. ENOCHS. Principally flat cars and coal cars; also box cars.

Mr. BOWERS. What use do they put box cars to?

Mr. ENOCHS. They haul cement in them and ties and lumber for company purposes.

Mr. BOWERS. You gave Mr. Green the value or price of low-grade lumber, $7.50 to $8.00. Will you give me the value at the mill of the second or middle grade and the high grade?

Mr. ENOCHS. It is a varying proposition. We begin at six dollars, and then we would get some seven-dollar product and eight-dollar product and nine-dollar product and nine dollars and a half; it would vary.

Mr. BOWERS. I understood you, however, to classify for the purpose of that illustration the lumber you saw out of the log into

512* three classes, from which the production of each is about equal—high grade, middle grade, and low grade. You said that about 33⅓ per cent of each was the product of the log and you fixed the value of the low grade at $8.50. Give me, if you can, the value of the middle grade and the high grade.

Mr. ENOCHS. The middle grades will run from about nine dollars to fifteen dollars.

Mr. BOWERS. That would be an average of twelve dollars, would it not?

Mr. ENOCHS. As to that matter, it is a very hard point to draw mathematically the discrimination as between low grades and medium grades and high grades. The line limits are hard to locate in the specific way in which your question requires an answer.

Mr. BOWERS. You made this classification yourself?

Mr. ENOCHS. Yes, sir.

Mr. BOWERS. And you have fixed the price of the low grades. I ask you now to give the price of the high grade?

Mr. ENOCHS. I illustrated the price of the low grade. Of course, I did not fix it. That is a shifting proposition all the time.

513* Mr. BOWERS. What would you say as to the value of the high grade?

Mr. ENOCHS. That will run from, say, fourteen dollars to twenty-five dollars a thousand, in fact, I think we have some stuff that we get thirty dollars per thousand for, perhaps 1 per cent.

Mr. BOWERS. What amount is invested in the Banner Lumber Company's mill plant, exclusive of its timber?

Mr. ENOCHS. I could not give you that information from memory.

Mr. BOWERS. About what would you say was the investment of the Fernwood Lumber Company, independent of its lumber?

Mr. ENOCHS. I could make that statement, but do not care to do it.

Mr. BOWERS. I have in my hand an affidavit made by you in another branch of this matter before the Federal court, and in it there are some figures as to the cost of manufacturing lumber and the amount of your cut. It is divided into several periods. One period is from May 1st, 1901, to April 30, 1902, and another period is from May 1st, 1902, to April 30, 1903. Now, the cut in first period was 21,758,871 feet and in the second period 25,296,773 feet.

514* Do those figures represent the cut of the Banner and Fernwood plants?

Mr. ENOCHS. No, sir; that is the Fernwood plant.

Mr. BOWERS. Does not that statement in your affidavit show that from May 1, 1902, to April 30, 1903, it cost you $10.93 to manufacture that lumber and that it was sold at an average of $12.35; that is, a net profit of $1.42 per thousand?

Mr. ENOCHS. I have already testified to that.

Mr. BOWERS. And this price of manufacture includes the cost of stumpage at present rates?

Mr. ENOCHS. At $2.25 per thousand.

Mr. BOWERS. Those figures worked out make the net profit of the Fernwood plant for this last period $35,921.41, do they not?

Mr. ENOCHS. I assume you made the proper calculation and that that is about what it is.

Mr. BOWERS. I will repeat the question that Commissioner Prouty put to you and that I did not understand you to answer. What would you call or consider a fair percentage of profit?

515* Mr. ENOCHS. I do not think he asked me as to the percentage, but as to the profit per thousand.

Mr. BOWERS. Well, answer it that way—what you consider a fair profit per thousand.

Mr. ENOCHS. That is a proposition that would be variable. The amount of the investment in the mill property, and a number of things would have to be considered. In order to make a good, rea-

sonable answer to that you would have to make a specific case. You could hardly make a generalization that would give a fairly representative idea or answer to that question.

Com'r PROUTY. Take your company. You made $1.42 per thousand from May 1, 1902, to April 30, 1903. Do you think that is a fair profit?

Mr. ENOCHS. I do not think it is a fair profit, and yet I am continuing in the business.

Com'r PROUTY. Do you think you ought to make more?

Mr. ENOCHS. Yes, sir.

Com'r PROUTY. This year you have to pay a higher freight rate and can not add the freight rate to your price. You will not make as much, will you?

Mr. ENOCHS. If I do not recoup myself on the cost or better my methods, I will not.

516* Com'r PROUTY. The man that bought the land down there a few years ago is the man who has made the money, is he not?

Mr. ENOCHS. The money that has been made in the lumber business in the South has been made in the last 3 years, and it has been made on the advance of stumpage. On stumpage is where we have had our advance. The concerns in which I am interested have made some money lately, because we believed that stumpage would advance and we bought all the stumpage we were able to buy and had credit to get, and we had a profit on our stumpage. It is not the profit on the stumpage which is the necessary point in this discussion. It is the profit on the manufacturing operation. Suppose a man has not got any mill. I will state the proposition both ways. Suppose a man has no stumpage and has to buy his stumpage to-day. The testimony here shows that the people who must make lumber have paid three dollars for it. They have paid more than I sold it for. In lumbering, the people, not only in the South but in the West, who made the big money, made it on stumpage and not on the mil-

517* ling operations. It is the history of the business. I state that to be a fact, and I submit it for challenge, that the people who bought stumpage in the West and sat down and waited for it to accrue in value have made the money that has been made out of the lumber business, and that fact is beginning to be duplicated in the South. It did not begin until within the last two or three years. Take my premise for the purposes of a tentative discussion, and I assume that the profit which I have made has been an investor's profit and not a miller's profit. That profit would come to me if I had not had any mill. It would have come to every one of these gentlemen who have admitted a profit if they had no mill. It comes to the man in Michigan who owns southern stumpage. If, because of this advance in stumpage, the railroads are allowed to advance their rate and share in that advance may they not advance it next year and next year and next year, as the case may be, and where are you going to limit the advance if you adopt the doctrine of what the traffic will bear and make a combined proposition out of the investment and manufacturing propositions? Then, they may go on and add 14 per cent this year and 22 per cent next year and 33 the next year, etc.

518* Mr. BOWERS. This $1.42 is the profit at the mill. Now, that $35,921 is 6 per cent on an investment of $598,690.

Mr. ENOCHS. That is all right.

Mr. BOWERS. Is that much invested in the Fernwood plant?

Mr. ENOCHS. Our tax receipts show more money than that.

Mr. BOWERS. That includes the timber, does it not?

Mr. ENOCHS. Yes, sir.

Mr. BOWERS. So you differ with Mr. Gardiner as to the 6 per cent proposition on the manufacturing operation?

Mr. ENOCHS. You say that, not I.

Mr. BOWERS. I ask you.

Mr. ENOCHS. No, sir.

Mr. RUSSELL. Would the stumpage advance in value unless you could have milled the timber and got it into the market? Was not milling the timber necessary to increase the value of the stumpage?

Mr. ENOCHS. No, sir; not primarily; secondarily, it would be. Milling decreases the quantity. The quantity of stumpage throughout the United States fixes the value of stumpage in this country.

Com'r PROUTY. Your lumber would not have been worth anything without a railroad?

519* Mr. ENOCHS. No, sir.

Com'r PROUTY. I suppose Mr. Russell wants to know why, if your lumber increases, the railroad should not increase its rate.

Mr. ENOCHS. When I came here I bought 40 acres of land for $5.00.

Mr. GREEN. Touching that proposition of increasing the rate of transportation in proportion to the value of land, is it not a fact that the high price of cotton this fall has increased largely the price of cotton-producing lands, so much so that Captain White testified here the other day that in Pike County, the county in which your mill is located, there are very few lands for sale?

Mr. ENOCHS. I am not going to adopt the idea, as you express it in your question, but I will give it a broader limit. The effect of the advance in cotton is not yet felt. We will certainly have another advance. His statement is not the immediate result, but it is the permanent and constant result which has already materialized, and lands will be, and are, worth more money to-day with the cotton industry with the present values than they were when they had lower

520* values. Now, further than that, as to the value of lands off of which we cut the timber, those lands are in our section of the country valuable for farming purposes, and I want to say this, that as to many thousand acres of land that I have cut the timber from I did not own the land. The farmers so appreciated it that they would not part with it. I have cut the timber off of land I did not own, twice as much as off of that I did own. I am perfectly willing to support the idea as to the advance in land, and in turn as the population of this country increases all our pine lands are going to be increased in value, because they have merit, which a few years ago was denied them.

Com'r YEOMANS. We will take a recess until 2 o'clock.

At 12.45 o'clock p. m. the Commission took a recess until 2 o'clock p. m.

521* AFTER RECESS.

2 o'clock p. m.

Com'r YEOMANS. Are you ready to proceed, gentlemen?

Mr. GREEN. There is a statement that Mr. Enochs wishes to produce, but he has been unable during the recess to get the figures. We want later to put it in.

Com'r YEOMANS. If he does not get it ready before we leave, he can send it to Washington.

Mr. GARDINER. I would like to introduce a couple of tariffs from Louisiana and Texas points, showing that the April 15th tariff has been canceled and the 2 cents advance has been canceled, and the rates now from Louisiana and Texas to Cairo and St. Louis are the same as they are from Mississippi, instead of 2 cents higher, as formerly. The numbers of these are: Interstate Commerce Commission tariff No. 356, and Interstate Commerce Commission Supplement No. 4, canceling Supplement No. 3 of Interstate Commerce Commission tariff No. 356. These are Southern Pacific tariffs. This also [exhibiting tariff] is a Southern Pacific tariff, Interstate Commerce No. 1318 B.

(Same annexed, marked "Exhibits 14 and 15, Mr. Gardiner.")

NOTE.—Exhibits Nos. 14 and 15 referred to above being voluminous tariffs of the Southern Pacific Company, I. C. C. Nos 356 and 1318 B are omitted from the printed record, because under stipulation between counsel of date July 14, 1905, either party on the hearing of this cause in court may use such extracts as desired from tariffs on file with the Interstate Commerce Commission.

Mr. MILLER. I will call Mr. Barnett.

522* A. F. BARNETT, a witness on behalf of the complainant, having been duly sworn, testified as follows:

Mr. MILLER. Mr. Barnett, what is your business?

Mr. BARNETT. I am connected with the Central Yellow Pine Association.

Mr. MILLER. In what capacity?

Mr. BARNETT. In a traffic capacity.

Mr. MILLER. What has been your business in the past?

Mr. BARNETT. Principally railroading.

Mr. MILLER. For what length of time and in what departments?

Mr. BARNETT. From 1879 and in the capacity of clerk and through the various departments into the traffic department, coming to New Orleans in 1884 as the representative of the Mobile & Ohio and the then Georgia Pacific Railroad, and taking service with the old Q. & C. system in 1886, with which company I remained until May, 1898, in various capacities.

Mr. MILLER. What position did you hold with the Q. &. C. system?

523* Mr. BARNETT. I was first contracting agent, then division freight agent and latterly general freight agent and general freight and passenger agent.

Mr. MILLER. When you speak of the Q. & C. what do you mean?

Mr. BARNETT. As originally constituted, when I took service with it, it was composed of the Cincinnati Southern, Alabama Great

Southern, New Orleans & Northeastern, Alabama & Vicksburg, and Vicksburg, Shreveport & Pacific, until 1895, when that system was disintegrated, the Alabama Great Southern and Cincinnati Southern separating from the three lower lines, the N. O. & N. E., the A. & V., and the V., S. & P., which three lines are now operated under a separate and distinct management.

Mr. MILLER. You were general freight and passenger agent of the New Orleans & Northeastern, the Alabama & Vicksburg, and the Vicksburg, Shreveport & Pacific.

Mr. BARNETT. Yes, sir.

Mr. MILLER. Are those lumber-carrying roads?

Mr. BARNETT. The Northeastern is very largely.

Mr. MILLER. I will ask you what was the lumber tariff to Cairo by the Northeastern during the time you were general

524* freight and passenger agent?

Mr. BARNETT. 13 cents per hundred pounds.

Mr. MILLER. That obtained from what time to what time?

Mr. BARNETT. From 1894, I believe, until 1899.

Mr. MILLER. And prior to that what had it been?

Mr. BARNETT. Well, I am not so well advised as to the time prior.

Mr. MILLER. Are you aware of the raise made in 1893 to 15 cents, and then the reduction to 13 cents in 1894?

Mr. BARNETT. No, sir; not personally, for the simple reason that my duties did not bring me into contact with the lumber traffic.

Mr. MILLER. You say you found the 13-cent rate in effect when you went with the road?

Mr. BARNETT. Yes, sir.

Mr. MILLER. What at the same time was the rate to Ohio River gateways above Cairo—Louisville and Cincinnati?

Mr. BARNETT. I think it was to Cincinnati 20 cents, if I am not mistaken, and to Louisville 18.

Mr. MILLER. By what intermediate lines did lumber originating on the New Orleans & Northeastern move to Cairo?

525* Mr. BARNETT. By the Mobile & Ohio, principally.

Mr. MILLER. From Meridian?

Mr. BARNETT. Yes, sir.

Mr. MILLER. I would like to ask you whether or not during that time you had charge of the traffic department of that road this 13-cent rate to Cairo and the other rates to the other gateways were deemed and considered reasonable rates for that traffic by that line of road?

Mr. BARNETT. So far as the New Orleans & Northeastern was concerned; yes, sir.

Mr. MILLER. Are you aware of any complaint during that time of any intermediate road?

Mr. BARNETT. I recall no complaint.

Mr. MILLER. Well, as a matter of fact, from your point of view as a traffic man, what would you say as to the reasonableness of that rate, all conditions considered?

Mr. BARNETT. Considering the character of the traffic and the cheapness of the transportation as compared with the transportation of other traffic I would consider it a fairly reasonable rate.

Mr. MILLER. Is or is not lumber considered a very desirable
526* traffic to the railroad?

Mr. BARNETT. Yes, sir; it always has been.

Mr. MILLER. Will you state some of the reasons for that?

Mr. BARNETT. As compared with other local business—because it is a local traffic—it is desirable, first, in that the shipper loads. There is no expense of loading on the part of the railroads. Secondly, it moves most largely, if not altogether, by local freight trains.

Mr. MILLER. What about its liability to injury?

Mr. BARNETT. And, third, the liability to damage from wrecks is at a minimum.

Mr. MILLER. In respect to the character of equipment, what about that? Do you use any kind of cars almost that you have on hand?

Mr. BARNETT. Practically any kind of a car.

Mr. MILLER. If the 13 cents, in force from 1894 to 1899, was a reasonable rate for this line and its participating carriers to Central Traffic Association territory, what would you say of the advance to 14 cents in 1899? I would like to ask you whether or not you would consider that that advance would compensate the railroad com-
527* panies in respect to this traffic for the increases in wages and supplies and the cost of operation generally that have arisen since the 13-cent rate was in effect?

Mr. BARNETT. It would depend, of course, very largely on the volume of the lumber traffic originating on any one particular line as to whether it would be full compensation, as you say, but it would very largely compensate them to offset these additional expenses.

Mr. MILLER. You are familiar with railroad matters, I suppose? You have kept the subject in mind, I suppose?

Mr. BARNETT. More or less.

Mr. MILLER. Do you know whether or not these demands of railroad employees, which have been acceded to by some of the railroads, have been very largely due to the enormous increase in their business and earnings?

Mr. BARNETT. That is a supposition.

Mr. MILLER. What about the general understanding?

Mr. BARNETT. Well, these demands for increases in wages, etc., were based largely on the understanding of the class of people making the demands that the railroads were prospering and could afford to allow the advance.

Mr. MILLER. While you were traffic man of the Q. & C.
528* system, making rates on the New Orleans & Northeastern road, did you, or not, discover the tap-line practice west of the river?

Mr. BARNETT. Yes, sir; it was brought to my attention.

Mr. MILLER. Did you make any effort to equalize freight rates among the patrons of your line in consequence of that tap-line allowance west of the river?

Mr. BARNETT. Yes, sir; so far as they operated logging roads.

Mr. MILLER. Did you adopt a rule on the Northeastern?

Mr. BARNETT. Yes, sir.

Mr. MILLER. Was it accepted by the management?

Mr. BARNETT. Yes, sir.

Mr. MILLER. What did you do?

Mr. BARNETT. We allowed such mills as operated logging roads a tap-line proportion of 2 cents per hundred pounds in order to offset the disadvantage they were at as compared with the mills west of the river.

Mr. MILLER. Well, did the freight rate charged by you enable your company to pay that allowance and still admit of a fair profit?

Mr. BARNETT. Yes, sir. As a matter of fact, the payment
529* of this 2 cents per hundred pounds was through arrangements with our connections, with the Northeastern's connections, so adjusted as to scale the proportion, applying to each road a small fraction. In other words, to be clear about that, we used the divisions then in effect as factors in fixing the new division, after deducting the 2 cents tap-line allowance.

Mr. MILLER. Were you aware during that time, or at any time while you were in the traffic department of that road, that the Mobile & Ohio had a similar practice?

Mr. BARNETT. I was not.

Mr. MILLER. How long did that practice remain in effect?

Mr. BARNETT. The payment of 2 cents a hundred pounds?

Mr. MILLER. Yes, sir.

Mr. BARNETT. My recollection is that the arrangement went into effect in July, 1897, after a trip over the road by the superintendent, who advised that the lumber industry was at a very low ebb, and the railroad company must come to its aid. Later on in the year, after a personal trip over the road, looking into the industry on account of the howl that it had raised east of the river on the part of other lumber roads not allowing tap-line divisions, I found that
530* the price of lumber had advanced somewhat, and that we could afford to discontinue it. It was discontinued, I think, January 1st, 1898, possibly earlier.

Mr. MILLER. Do you remember whether or not the Illinois Central Railroad Company was instrumental in causing that discontinuance? You spoke of a howl among the railroads. What roads did you allude to?

Mr. BARNETT. To the roads east of the river that allowed no tap-line proportions. They contended that it put their lumbermen at a disadvantage.

Mr. MILLER. Their lumbermen had logging roads and the same sort of equipment as your lumbermen?

Mr. BARNETT. Yes, sir.

Mr. MILLER. Do you refer to the Illinois Central?

Mr. BARNETT. The Illinois Central for one; yes, sir.

Mr. MILLER. What about the movement of empty cars over those lines that are used to take lumber now?

Mr. BARNETT. At that time the preponderance of empties was north bound; the movement of empties was north bound; that is, there was more freight hauled south than north. But I have known during the busy season at New Orleans—and by that I mean
531* from, say, October 15 to March 15—that it has been necessary for the Northeastern particularly to haul empties into New Orleans to take care of its north-bound business from these points.

Mr. MILLER. What have you to say from your recollection of it, as to the amount of lumber tonnage in comparison with other tonnage moving over that line and the rates on other traffic as compared with lumber?

Mr. BARNETT. I do not recall exactly what the percentage of the lumber traffic to the whole was when I was there, but it was very considerable. In fact, the New Orleans & Northeastern, being practically a new line and passing through a timber country exclusively, it soon began to build up with mills, and a very large proportion of its traffic, particularly its local traffic, was lumber; but what per cent I can not say.

Mr. MILLER. What formed the rest of its traffic?

Mr. BARNETT. The rest of its traffic consisted of north-bound business from New Orleans and cotton shipments, which began to reach the road—that formed its entire traffic.

Mr. MILLER. North-bound traffic, you say, of cotton?

532* Mr. BARNETT. No; I did not say the north bound consisted of cotton, but cotton from local stations to New Orleans; and the north bound, what are termed Louisiana products from New Orleans—coffee, sugar, rice, and molasses.

Mr. MILLER. Have you made any figures to show the cost, say, of carrying a train of lumber from McComb City to Chicago?

Mr. BARNETT. I will say first of all that my education in the railroad business has been that traffic should pay at least 3 mills per ton per mile in order to cover the cost of transportation and other expenses incidental to the operation of the road. I do not say that as a general proposition as to all roads, but on the road with which I was connected for so many years. The character of the country through which the Illinois Central Railroad runs being practically the same south of Cairo as that through which the New Orleans & Northeastern and Mobile & Ohio run, if that estimate of 3 mills per ton per mile is correct, then from McComb City to Chicago, which is a distance——

Mr. MILLER. What is the total distance from New Orleans?

533* Mr. BARNETT. 922 miles, which, less 101 miles, would make it 821 miles. On the basis of 400 tons, or 20 cars of lumber of 20 tons each, the cost of moving that train from McComb City to Chicago would be $984.

Mr. MILLER. And at 26 cents per hundred pounds, what would that make?

Mr. BARNETT. It would make $2,080, using the same factors—400 tons to the train, at $5.20 a ton.

Mr. MILLER. Is there any other traffic in this territory which pays better?

Mr. BARNETT. Not of any volume.

Mr. MILLER. What about the rate charged over this same line on northbound freight, on Louisiana commodities, as you call them? What are the rates? If you have made a comparative statement of the rates please file that in order to save time.

Mr. BARNETT. Inasmuch as the principal commodities moving from this territory to northern points consist of coffee, sugar, rice, cement, salt, naval stores, lumber, and tropical fruits I have made up a com-

parative statement here, showing the rates of freight to Chicago, Cincinnati, Louisville, St. Louis, Cairo, Kansas City, Omaha, St. Paul, Pittsburg, Philadelphia, Birmingham, Chattanooga, At-
534* lanta, and Nashville, giving the rates on these various commodities, the mileage, the route by which the mileage is made up, and also showing the rates per ton on these commodities and the rates per ton per mile, and the value per ton of the different commodities, these values being taken from the financial columns of the "Times-Democrat" of November 9th.

(The paper above referred to is hereto annexed and marked "Exhibit No. 1, to Mr. Barnett's testimony.")

Mr. MILLER. What about the comparison of profit between lumber traffic and coal and cement?

Mr. BARNETT. It is largely in favor of the lumber—that is, there is a greater profit in the handling of lumber than the commodities you mention on account of the difference in the rates.

Mr. MILLER. Is it very great?

Mr. BARNETT. Yes, sir; it is considerable.

Mr. MILLER. As a matter of fact, how were the rates from New Orleans out to points in this territory arranged when you were connected with this system?

Mr. BARNETT. Which territory?

Mr. MILLER. To Ohio River crossings and beyond.

Mr. BARNETT. Well, the rates originally, if my information
535* is correct—of course it was before my time when they were first made—they were made with a view of meeting the then water competition.

Mr. MILLER. Has that disappeared?

Mr. BARNETT. Almost entirely; in fact, I may say entirely.

Mr. MILLER. The Mississippi River then, as a competitive channel of commerce, is only potential, is it?

Mr. BARNETT. That is all.

Mr. MILLER. Not actually a competitor?

Mr. BARNETT. No, sir.

Mr. MILLER. Are there any transportation lines on the Mississippi River between New Orleans and any Ohio or Mississippi River points above Cairo?

Mr. BARNETT. There is a barge line from New Orleans to St. Louis, touching at Cairo, of course, but they have withdrawn from the package trade entirely.

Mr. MILLER. Is that the only line?

Mr. BARNETT. There is the Monongahela Coal Company's barge line which goes into the Ohio River, but it carries very little freight. In fact, at the present time water transportation is entirely too slow to meet the requirements of business people.

Mr. MILLER. Even on lumber?

536* Mr. BARNETT. Well, not on lumber particularly, although I can state authoritatively that while this barge line plies between New Orleans and St. Louis there have only moved by the barge line to St. Louis during the current year four shipments of lumber from New Orleans proper.

Mr. MILLER. Were the changes in the tariff out of New Orleans made by agreement among the roads?

Mr. BARNETT. At that time, yes, sir; always by concurrence.

Mr. MILLER. You said awhile ago that lumber, except at junction points, was a local business.

Mr. BARNETT. Exclusively.

Mr. MILLER. What do you mean by that?

Mr. BARNETT. I mean as a transportation proposition, unless a mill is located at a junction of two or more lines the lumber is strictly local to the line on which it is located. As a selling proposition in the markets of the world where this lumber comes in competition with other pine lumber from other sections, or other kinds of lumber it is competitive.

Mr. MILLER. That is all we care to ask, Mr. Barnett.

Mr. BAXTER. I have no questions.

537* Mr. CATCHINGS. Did I understand you to say that it was universally accepted in the railroad service that 3 mills per ton will pay all the cost of transportation?

Mr. BARNETT. No, sir; I did not so state. I stated that my education had been with the line I had been connected with for so many years that no contract or no division with a connecting line should be made which should pay the New Orleans & Northeastern, for instance, from Meridian to New Orleans or vice versa, less than 3 mills per ton per mile.

Mr. CATCHINGS. Of course, railroads are different.

Mr. BARNETT. I so stated, sir.

Mr. CATCHINGS. I was not sure I understood you.

Com'r PROUTY. Do you know how many tons of freight the Illinois Central can handle in one train from New Orleans to Chicago now?

Mr. BARNETT. I could tell that, I think, by their annual report. I think it is shown.

Mr. CATCHINGS. Your estimate of the cost of moving that train to Chicago was assuming 3 mills?

Mr. BARNETT. Yes, sir; that was the basis.

Mr. CATCHINGS. Did you allow tap lines to all logging
538* roads on the Northeastern when you were in charge of it?

Mr. BARNETT. I think not. I think it was to lines of ten miles in length and over. That is my recollection.

Mr. CATCHINGS. What was your theory—that you were helping them pay the cost of hauling the logs to the roads, or what was the theory?

Mr. BARNETT. It was not particularly a theory. It was an actual fact, to assist the lumber men east of the river on the New Orleans & Northeastern to meet the competition west of the river. It developed that these tap lines west of the river had been allowed since 1894, and it was not until 1897 that the mill men, as well as the railroad men, this side of the river were informed of it.

Mr. CATCHINGS. In the Arkansas territories were tap lines allowed to all logging roads, or was the ten-mile limit enforced there?

Mr. BARNETT. That I could not say. I think that is in evidence at St. Louis in the tap-line case.

Mr. CATCHINGS. What do you think the evidence is?

Mr. BARNETT. I think the Missouri Pacific had a mileage limit—

that is my recollection of the testimony—but that the Cotton Belt did not.

539* Mr. CATCHINGS. By fixing that limit you must have had in mind that these men who owned these roads and made considerable investments, it would help them to stand the amount of their investments?

Mr. BARNETT. Fixing this limit of 2 cents?

Mr. CATCHINGS. Yes, sir.

Mr. BARNETT. As I stated before, the 2 cents allowance was not made with reference to any cost or expense that had been stood by mill men in the construction of their tap line.

Mr. CATCHINGS. Well, the reason I put it that way was, because if your purpose was to allow them to compete with the Arkansas people, why was it not just as essential to give the man who had a shorter line the tap-line division also? He had to compete as well as the man who had a ten-mile road.

Mr. BARNETT. Exactly; he did.

Mr. CATCHINGS. On your theory you were discriminating against the man that owned the short line.

Mr. BARNETT. My recollection is that the tap lines in 1897 operated by the other mills where they had logging roads at all,

540* were of such insignificant mileage it was not considered necessary to give it to them.

Mr. CATCHINGS. Then, you do get down to the idea that you allow it according to mileage or the extent of the investment of the mill men.

Mr. BARNETT. Yes, sir; we had to have a limit and we fixed the limit at ten miles.

Mr. CATCHINGS. Well, the effect of it was to help him to defray expenses?

Mr. BARNETT. Certainly; that is true, too.

Mr. CATCHINGS. You charged him, as I understand, the regular tariff rate?

Mr. BARNETT. Yes, sir.

Mr. CATCHINGS. And then returned this to him?

Mr. BARNETT. Yes, sir.

Mr. CATCHINGS. This was a donation in substance—a donation to the tap line?

Mr. BARNETT. Certainly; but in figuring on a selling price delivered he could utilize this in fixing the selling price.

Mr. CATCHINGS. You did not discriminate in his favor in your shipping rate? You charged him the usual rate and collected it?

541* Mr. BARNETT. Yes, sir.

Mr. CATCHINGS. Then, at certain periods you returned him a certain sum of money?

Mr. BARNETT. Yes, sir; 2 cents per hundred pounds.

Mr. CATCHINGS. You did not pay it except on lumber over that line?

Mr. BARNETT. Yes, sir.

Mr. CATCHINGS. The substance of the transaction was just as if you gave him so many thousand dollars, if you had been able to estimate it in advance—just as if you would draw your check and hand it to him for five or ten thousand dollars.

Mr. BARNETT. Boiled down that is what it is in its last result; we felt that they needed it.

Mr. CATCHINGS. So you were not discriminating in his favor, but charging him the regular shipping rate?

Mr. BARNETT. We did.

Mr. CATCHINGS. And you must have fixed the ten-mile limit because you felt that the man that made that large investment was entitled to some assistance and the man that made a smaller one was not?

542* Mr. BARNETT. This tap line was not made with any idea what the expense to him had been in building his logging road.

Mr. CATCHINGS. Did not the tap-line proposition originate in Arkansas?

Mr. BARNETT. I think so.

Mr. CATCHINGS. Did it not have its origin in an effort on the part of the railroads to secure the establishment of these plants?

Mr. BARNETT. Well, if you ask my opinion about it, I will say no. The timber north of the Ohio River in other sections of the country was fast being cut out, and the lumbermen who had been engaged in that business for years were looking for other fields. They found those fields in Arkansas, Texas, Mississippi, Alabama, and Georgia, and as a business proposition—and I have never met one yet who was not a business man—they must have figured that sooner or later they would cut out the timber along the trunk lines and would have to build logging roads to reach large bodies of timber that they might purchase, and they figured all that in the expense of the plant at the time, and I believe that these mill men would have located in Arkansas and Louisiana and Texas and Mississippi and Alabama

543* and Georgia just the same without any inducement of a tap-line proportion being held out to them. They knew nothing else. They had been in it for years and it was their intention to continue in it. That is my opinion.

Mr. CATCHINGS. You have not explained why the railroads allowed it if they were going to come there anyhow. I am trying to get at the origin of it.

Mr. BARNETT. That takes me back to the time when the old controversy as to the relative merits of short-leaf yellow pine and long-leaf yellow pine were being threshed out. It has been contended by the Arkansas people that their product was inferior to the long-leaf yellow pine on account of its pithiness, if you please, its lightness and want of resinous properties as a construction material. That was threshed out for years and years, and it evidently so impressed the traffic officials of the lines running through Arkansas that it was inferior and did not bring the price in the northern markets that the long leaf did, that they allowed these tap-line proportions to offset the supposed advantage that the mills east of the river had over the mills west of the river.

544* Mr. BAXTER. If the rebate, called a tap-line division, was allowed upon the theory that the Arkansas lumber was inferior to the Mississippi lumber, why did not the rebate go to all the mills in Arkansas instead of those located on the tap-line roads?

Mr. BARNETT. Well, I can not answer that. The traffic officials of

the roads over there can answer that better than I can. I do not know, but it has never been admitted, I will state in passing, by the mill men east of the river that they had any advantage whatever over the Arkansas pine. On the contrary, if there is any advantage it is with the Arkansas people, where the weight of the wood is taken into consideration, the Arkansas pine being admittedly, I believe, ten per cent lighter than the pine east of the river.

Mr. BAXTER. Were you in an official position with the railroad prior to 1894?

Mr. BARNETT. Yes, sir.

Mr. BAXTER. Do you remember how the published rates from Arkansas to Cairo, for instance, compared with the published rates from Mississippi territory to Cairo from 1887 down to 1894?

545* Mr. BARNETT. No, sir; I can not answer that, because my duties did not bring me into contact with the lumber traffic at that time.

Mr. BAXTER. Do you remember or not that during all that period the published rates from Arkansas were materially less than the published rates from Mississippi territory?

Mr. BARNETT. That is my general understanding; yes, sir.

Mr. BAXTER. That is all.

Mr. BARNETT. If the Commission please, I have here a printed statement showing yellow-pine lumber rates from the South to Cairo, St. Louis, and Ohio River; also from the North and the Pacific coast, and pretty near all territory from which yellow-pine shipments are made, and I would like to file it.

Com'r YEOMANS. Is it in force now?

Mr. BARNETT. Yes, sir. It shows, first, the average mileage; then it shows the old rates, the rates per ton per mile, the rates on a 2-cent advance, the rates per ton on that advance, and the rate per ton per mile on that advance, etc.

(The same is hereto annexed and marked "Exhibit No. 2 to Mr. Barnett's testimony.")

546* Mr. MILLER. I want to say, if the Commission please, that that completes our testimony. I would like to have the record show, if it does not already, that we offer in evidence the returns made by the railroads to the order of the Commission to produce these papers. We want to ask permission to take up these documents, which we have had no opportunity to examine, before they are sent to Washington, so as to make abstracts of those parts we need. It would involve a great deal of work and time to anybody we might send there. I take it that counsel on the other side will have no objection.

Mr. BAXTER. None in the world, and I think it is a very wise suggestion. I think it would be fair to us to have copies of those you do file.

Mr. MILLER. Certainly. I would like to have the record show that that permission is given to counsel for complainant to retain the papers and documents introduced by the railroads for a reasonable time in order to make extracts of such portions as we deem material to this controversy, counsel for complainants undertaking to supply counsel for the railroads with copies of these extracts. With that understanding we rest the case for the complainant at this point.

Mr. BAXTER. I will ask Mr. Green to take the stand.

547* Mr. MILLER. I want to suggest to Mr. Baxter that such portions of Mr. Green's testimony in this case as will be a reproduction of his testimony in the Georgia Saw Mill case we are willing to have stipulated into the record.

Mr. BAXTER. I would be very glad to adopt the suggestion, but while there is going to be a marked similarity between his testimony in this case and that, it has been impossible for me to do that. I will endeavor to get along as rapidly as I can.

548* L. GREEN, a witness on behalf of the defendants, having been duly sworn, testified as follows:

Mr. BAXTER. You are connected with the Southern Railway, Mr. Green, are you not?

Mr. GREEN. Yes, sir.

Mr. BAXTER. In what capacity?

Mr. GREEN. Assistant general freight agent.

Mr. BAXTER. How long have you occupied that position?

Mr. GREEN. Since April 1st, 1900.

Mr. BAXTER. How long have you been connected with the Southern Railway?

Mr. GREEN. Since its organization, July 1, 1894.

Mr. BAXTER. In what department?

Mr. GREEN. In the freight traffic department.

Mr. BAXTER. Have you been connected with any other railroad previous to your connection with the Southern, and if so, in what department?

Mr. GREEN. I have been connected with the Louisville & Nashville and the Cincinnati Southern in the freight traffic department,
549* and with the Alabama Great Southern and Cincinnati Southern, part of the time in the mechanical and part of the time in the transportation department.

Mr. BAXTER. What is the nature of your duties as assistant general freight agent for the Southern railway?

Mr. GREEN. I have supervision of traffic matters relating largely to the publication, distribution, and application of freight tariffs.

Mr. BAXTER. Do you have anything to do with the making of freight rates on your road?

Mr. GREEN. Yes, sir.

Mr. BAXTER. How long have you been connected with the freight-traffic service of the United States?

Mr. GREEN. My whole railroad service is something more than 22 years.

Mr. BAXTER. Mr. Washburn yesterday filed an exhibit to his testimony, a copy of the articles of association of the Southeastern Mississippi Valley Association. Is your railway a member of that association?

Mr. GREEN. Yes, sir.

Mr. BAXTER. What is the date of their articles of association now in effect?

Mr. GREEN. They became effective the 14th day of August,
550* 1902.

Mr. BAXTER. Are they the only articles of association that have been in effect since that date?

Mr. GREEN. They are.

Mr. BAXTER. State whether those articles contain all the agreements or understandings or arrangements that exist between the members?

Mr. GREEN. They do.

Mr. BAXTER. It has been charged in this case that the Southeastern Mississippi Valley Association is employed by the Southern Railway as a medium through which to effect a lessening of competition. What are the facts in regard to that?

Mr. GREEN. That is not true.

Mr. BAXTER. I will ask you whether there is any understanding or agreement, either general or special, express or implied, by which that association or any other association or any competing line can make or maintain a rate of the Southern Railway?

Mr. GREEN. There is not.

551* Mr. BAXTER. In the matter of the recent increase of the rates, has the Southern Railway an agreement with other lines in making or maintaining those rates?

Mr. GREEN. The action of the Southern Railway has been absolutely independent.

Mr. BAXTER. What is the first step that the Southern Railway itself took in regard to that increase? On the 4th of February, 1903, was any action taken?

Mr. GREEN. That is the date we first announced our intention to make the advance, if that is what you mean.

Mr. BAXTER. What was that announcement? What did you announce?

Mr. GREEN. We announced that it was our purpose to advance the rates 2 cents per hundred pounds from the yellow-pine producing district which we serve to Ohio River crossings and beyond, and to Chattanooga, Tenn., effective March 1, 1903.

Mr. BAXTER. Did that include points in Alabama, Mississippi, and east Louisiana?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Well, as to destination, did it include from Pittsburg to Buffalo?

Mr. GREEN. Yes, sir; points in what is known as the Pittsburg-Buffalo zone.

552* Mr. BAXTER. Subsequent to that announcement of February 4, 1903, what did your company do?

Mr. GREEN. There was a meeting held——

Mr. BAXTER. Prior to that did your company file with the Interstate Commerce Commission any tariff?

Mr. GREEN. Yes, sir; we filed with the Interstate Commerce Commission a notice of our intention to make that advance effective March 1st.

Mr. BAXTER. When did you first publish those advanced rates—have you got your Lumber Issues Nos. 3384 and 3362 with you?

Mr. GREEN. Yes, sir; we issued them February 17th and 18th, respectively, effective March 1st.

Mr. BAXTER. Will you file those as an exhibit to your testimony?

Mr. GREEN. Yes, sir.

(The same are hereto annexed and marked "Exhibit No. 1 to Mr. Green's testimony.")

NOTE.—Exhibit No. 1 to Mr. Green's testimony above referred to, omitted in printing for the reason that it consists of tariffs of the Southern Railway, I. C. C. No. 7253, and amendments Nos. 1 and 2 thereto, which tariff and amendments under stipulation of counsel, of date July 14, 1905, can be referred to by either party on the hearing of this cause in court.

Mr. BAXTER. Was there a request for a conference by the lumber men with the representatives of the Southern Railway? If so, what occurred?

Mr. GREEN. The lumber men made a request for a hearing
553* through the president of the Georgia Saw Mill Association.

Mr. BAXTER. Was that conference held? If so, when and where?

Mr. GREEN. In response to that request a meeting was held between representatives of the railroads and representatives of the lumber men at the Piedmont Hotel, Atlanta, February 24, 1903.

Mr. BAXTER. Were there any lumber shippers from Alabama and Mississippi present or represented at that meeting?

Mr. GREEN. There were some from Alabama, and my recollection is there were some from Mississippi.

Mr. BAXTER. What position did the lumber men take at that conference in regard to your proposed increase of rate?

Mr. GREEN. The majority, I think, took the position that the advanced rate ought to be postponed because they had accumulated a large amount of lumber in their yards on account of inability to get equipment to move it; that it had been contracted for on the basis of the old rates, and they thought we ought to suspend the advance until they could remove that accumulation. Others thought the rate should not be made effective at all.

554* Mr. BAXTER. Well, did you take any steps as the result of that meeting?

Mr. GREEN. Yes, sir; after the conference with the lumber men on February 24 the representatives of the carriers had a conference, which was continued over and during the forenoon of the 25th. Some of the railway representatives felt that there was merit in the application of the lumber men that the advanced rate be deferred. But no one was in a position to determine just how long it would take the lumber men to dispose of the accumulation referred to, and therefore no one could state definitely what date they would make the tariff effective. At the adjournment of that conference for lunch on the 25th of February I returned to my office and communicated with our Mr. Powell by long-distance 'phone.

Mr. BAXTER. Who is he?

Mr. GREEN. Freight-traffic manager. He was at Greenville, S. C. I explained the situation to him and recommended that we simply announce to the lumber men and railroad people that we would not make the tariff effective before April 15th. It was necessary, in order to let the lumber men go home, to fix the matter as definitely as we could. I did not know that we would be able to make the
555* tariff effective April 15th. For that reason I said we would not make it effective before that.

Mr. BAXTER. Was any telegram sent to the auditor of the Interstate Commerce Commission about that time?

Mr. GREEN. I telegraphed the auditor of the Interstate Commerce Commission after my conference with Mr. Powell, advising him that the traiff we had issued, effective March 1st, carrying the advanced rate, would be suspended.

Mr. BAXTER. When did the Southern Railway make the announcement for the purpose of making the advanced rates effective April 15th, 1903?

Mr. GREEN. The definite announcement was made March 21st.

Mr. BAXTER. Have you a copy of that announcement? If so, file it as an exhibit to your testimony.

Mr. GREEN. Yes, sir.

(The same is hereto annexed and marked "Exhibit No. 2 to Mr. Green's testimony.")

Mr. BAXTER. How did you determine to make that advance effective April 15th, 1903—what considerations caused it?

Mr. GREEN. The lines which were uncertain as to how long it would take the shippers on their lines to complete these
556* unfilled contracts, had subsequent to the meeting of February 25th, made an investigation and indicated that they could make the advanced rates effective on April 15th; indeed, I think one of them announced that it could make the rate effective April 1st, and they wanted to do so; but inasmuch as we had advised every one we would not make the rate effective before April 15, we did not do so.

Mr. BAXTER. Did you in the meantime make any investigation as to whether the shippers would or would not have full opportunity to move such lumber as they had contracted for prior to February 4, 1903?

Mr. GREEN. There was no occasion for that investigation so far as the Southern Railway proper was concerned, because this accumulation complained of was principally on other lines.

Mr. BAXTER. Did you make the advance effective by the issuance of Lumber Issues Nos. 3418 and 3408?

Mr. GREEN. We issued those.

Mr. BAXTER. Will you file those as an exhibit to your testimony?

Mr. GREEN. Yes, sir.

(The same are hereto annexed and marked " Exhibit No. 3 to Mr. Green's testimony.")

NOTE.—Tariffs filed as Exhibit No. 3 to the testimony of Mr. Green, being amendment No. 1 to I. C. C. No. 7253, amendment to Southern Railway I. C. C. No. 6767, amendment No. 2 to I. C. C. No. 7253, I. C. C. No. 7340, amendment No. 8 to Southern Railway I. C. C. No. 7340, amendment No. 7 to I. C. C. No. 7340, amendment No. 6 to I. C. C. Southern Railway No. 7340, amendment No. 5 to I. C. C. Southern Railway No. 7340, amendment No. 4 to I. C. C. Southern Railway No. 7340, amendment No. 3 to I. C. C. Southern Railway No. 7340, amendment No. 2 to I. C. C. Southern Railway No. 7340, and amendment No. 1 to I. C. C. Southern Railway No. 7340 are omitted under stipulation of counsel of July 14, 1905, permitting reference to tariffs on file with the Interstate Commerce Commission upon the hearing of this cause.

557* Mr. BAXTER. Were those lumber issues, 3418 and 3408, filed with the Interstate Commerce Commission?

Mr. GREEN. Yes, sir.

Mr. BAXTER. As I understood you, lumber issues 3384 and 3362, which were suspended by lumber issues 3418 and 3408, were finally made effective April 15, 1903?

Mr. GREEN. Yes, sir.

Mr. BAXTER. As per lumber issues 3461 and 3455? Is that so?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Will you file them as an exhibit to your testimony?

Mr. GREEN. Yes, sir.

(The same are hereto annexed and marked "Exhibit No. 4 to Mr. Green's testimony.")

Mr. BAXTER. State whether those were filed with the Interstate Commerce Commission.

Mr. GREEN. They were.

Mr. BAXTER. I will ask you whether the tariffs you have filed or lumber issues, as they are styled, were or were not the result of any combination or agreement between the Southern Railroad and any competing road?

558* Mr. GREEN. They were not.

Mr. BAXTER. Are those tariffs limited to yellow pine lumber, or do they apply to all classes of lumber alike?

Mr. GREEN. They apply to all classes of lumber alike.

Mr. BAXTER. It has been said that the advance of 2 cents per hundred pounds will destroy, or at least injuriously affect, the interests of the complainant. What do you say upon that point?

Mr. GREEN. It has not destroyed it. I do not think it has injuriously affected it or that it will.

Mr. BAXTER. Has it had the effect or not to prevent the free movement of yellow pine lumber from Mississippi Valley territory to territory on or north of the Ohio River in competition with yellow pine lumber from other sections?

Mr. GREEN. It has not.

Mr. BAXTER. Have you an exhibit showing the movement of lumber via Southern Railway from points in Florida, Georgia, Alabama, Mississippi, and east Louisiana to points on and north of the Ohio River for the period from January 1st to October 31st, inclusive, 1903, as compared with the corresponding period of the previous year?

Mr. GREEN. I have.

559* Mr. BAXTER. Will you file that statement as an exhibit?

Mr. GREEN. Yes, sir.

(The same is hereto annexed and marked "Exhibit No. 5 to Mr. Green's testimony.")

Mr. BAXTER. Has it been correctly compiled or not?

Mr. GREEN. It has; yes, sir.

Mr. BAXTER. Does the Southern Railway originate any long leaf yellow pine lumber on its lines in Mississippi?

Mr. GREEN. No, sir; it originates a small amount perhaps of short leaf, but no long leaf pine.

Mr. BAXTER. Does it originate any in Alabama?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Have you prepared a statement showing the number of cars of lumber moving from points on the Southern Railway, Mobile division, for each month, April 15 to August 31, 1903, inclusive?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Compared with the corresponding movement of the previous year?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Please file that as an exhibit to your testimony.

560* (The same is hereto annexed and marked "Exhibit No. 6, to Mr. Green's testimony.")

Mr. BAXTER. What does that statement show, Mr. Green, with reference to the movement of yellow pine lumber via the Southern Railway from points in Alabama since the advance in rates as compared with the movement for a corresponding period of the previous year?

Mr. GREEN. It shows an increase of 47.1 per cent.

Mr. BAXTER. I notice that the statement stops with August 31, 1903. Why was it not brought down to October or November 30?

Mr. GREEN. It could not be brought down to that period in time for this hearing. It can be done, if desired.

Mr. BAXTER. Something has been said in this case about the competition of white pine from Minnesota, Michigan, and Wisconsin. What do you understand now to be the force of white pine as a competitive factor in that territory?

Mr. GREEN. I do not understand that the competition between yellow pine and white pine is now forceful. The white pine forests are being rapidly depleted; the supply has become very limited, and, besides that, there are many uses for longleaf yellow pine for which the white pine is not suitable.

561* Mr. BAXTER. What do you say as to the force of spruce, hemlock, and white pine from Canada?

Mr. GREEN. I should say very much the same thing, except that those lumbers from Canada, the movement of them, is restricted by tariff duties which have the effect of lessening the force of that competition with yellow pine, and, besides that, those classes of materials are not in many respects competitive at all with yellow pine.

Mr. BAXTER. What do those tariff duties amount to in cents per hundred pounds on Canadian lumber?

Mr. GREEN. On rough lumber to $2 per thousand feet.

Mr. BAXTER. Well, on boards, planks, and other kinds?

Mr. GREEN. It ranges from two dollars to four dollars per thousand.

Mr. BAXTER. That would amount to how much per hundred pounds?

Mr. GREEN. It weighs about 3,000 pounds per thousand feet—it is equivalent to 6⅔ cents per hundred pounds.

Mr. BAXTER. In addition to those duties, the Canadian lumber must pay certain transportation charges?

562* Mr. GREEN. Yes, sir; wherever it moves from the port of entry to destination it must pay a transportation charge.

Mr. BAXTER. Have you had occasion to investigate the movement during March, 1903, of 674 cars of yellow pine lumber shipped from the southern lumber districts to points on and north of the Ohio River over the Southern Railway?

Mr. GREEN. Yes, sir.

Mr. BAXTER. If so, what per cent of those cars were consigned to points on or adjacent to the lake ports?

Mr. GREEN. I do not recall those figures exactly. It was 55 and something—over 55 per cent.

Mr. BAXTER. At those lake ports with what lumber did the southern lumber compete?

Mr. GREEN. Well, the competition, if any, between the southern yellow pine and the white pine, spruce, and hemlock would be more forcible at the lake ports than anywhere else.

Mr. BAXTER. Do you remember how many of those cars there were?

Mr. GREEN. It was a total of 674.

563* Mr. BAXTER. Those were cars of yellow pine lumber that moved from the southern districts and were sold at or near the lake ports in competition with lumber having water transportation?

Mr. GREEN. Well, that was the total movement to points on and north of the Ohio River. I can tell you exactly how many cars went to lake ports.

Mr. BAXTER. In order to save time, will you furnish the stenographer the number of cars of yellow-pine lumber that moved from the southern district over the Southern Railway to points on and north of the Ohio River, and then also the number of those cars consigned to points on or adjacent to lake ports?

Mr. GREEN. Yes, sir.

Mr. BAXTER. It has been said in this case that while the higher grades of yellow-pine lumber from the South may be able to compete successfully in territory on and north of the Ohio River, a lower grade of yellow pine can not successfully compete. What have you to say as to that?

Mr. GREEN. My investigation shows that all grades of yellow pine are shipped freely into that section.

Mr. BAXTER. Do you mean by that that they can be shipped

564* there so as to successfully compete at the present rates on that kind of lumber?

Mr. GREEN. Undoubtedly.

Mr. BAXTER. Does that include only lumber from Canada and northern sections to the United States, or does it apply to lumber coming into that territory from all parts?

Mr. GREEN. It can compete with lumber from any section which comes at all in competition with yellow pine.

Mr. BAXTER. Does it compete with any of the grades of yellow pine?

Mr. GREEN. Yes, sir.

Mr. BAXTER. What do you say about competition with yellow pine on the one hand and cottonwood and cypress on the other to territory on and north of the Ohio River?

Mr. GREEN. I do not understand that there is any competition between yellow pine and cottonwood, or that there is any material competition between yellow pine and cypress.

Mr. BAXTER. Why is that? Because the yellow-pine rates are too high?

Mr. GREEN. No, sir; because the yellow pine is used for purposes entirely different from those for which the other woods are used.

565* Mr. BAXTER. How does the burden imposed by the present rates, including the recent advance of 2 cents per hundred pounds, compare with the rates paid by other industries the products of which are of like weight and value to yellow-pine lumber?

Mr. GREEN. Well, sir, there is no other industry which produces a commodity of like weight and value to yellow pine, unless it be other kinds of lumber. The rates on yellow pine compare favorably with rates on other kinds of lumber. As a matter of fact, as far as our tariff is concerned, it applies on any kind of lumber.

Mr. BAXTER. How do your present rates from Mississippi, Alabama, and Louisiana territory to points on and north of the Ohio River compare with rates charged by other railroads in the same and other portions of the United States for the transportation of lumber for similar distances between points similarly situated?

Mr. GREEN. The rates on yellow pine are as low as, or lower than, the rates on other kinds of lumber generally between other points in the United States, distance and other things considered.

566* Mr. BAXTER. How does the rate per ton per mile on yellow pine lumber from points of origin in Mississippi territory to points on and north of the Ohio River compare with the rates per ton per mile on other commodities, value and other circumstances taken into consideration?

Mr. GREEN. The rate per ton per mile on lumber is generally less.

Mr. BAXTER. How does the rate per ton per mile received by the Southern Railway for the transportation of lumber compare with the average rate per ton per mile for the transportation of all the other freight traffic carried by the Southern Railway?

Mr. GREEN. Well, on the 674 cars previously referred to that moved over our line during March, the actual revenue per ton per mile earned by the Southern Railway was 4 mills. The average revenue per ton per mile earned by the Southern Railway on all classes of traffic during the last fiscal year was 9.5 mills, so that the earnings per ton per mile on the lumber are less than half the average earnings.

Mr. BAXTER. During the fiscal year ending June 30, 1903, what percentage of the total tonnage of the Southern Railway was represented by the lumber tonnage?

Mr. GREEN. My recollection is that it was 15.54.

567* Mr. BAXTER. During the same year how did the revenue derived from the lumber traffic of the Southern Railway compare with the total revenue of that company?

Mr. GREEN. The revenue on lumber was 11.7 per cent of the total revenue.

Mr. BAXTER. Is that total revenue freight and passenger?

Mr. GREEN. No; that is of the total freight revenue—11.7 per cent of the total freight revenue.

Mr. BAXTER. How do the rates on yellow-pine lumber from Mississippi and Alabama territory to points on and north of the Ohio River compare with the published rates from other sections where yellow pine is produced?

Mr. GREEN. They are as low as or lower than from other pine-producing sections.

Mr. BAXTER. Do the existing rates on yellow-pine lumber from Mississippi and Alabama territory to points on and north of the

Ohio River enable the manufacturers to dispose of it in that territory at a profit, or do they sell at a loss?

Mr. GREEN. They undoubtedly sell at a profit. The testimony given here in this case, it seems to me, confirms that. I think Mr. Gardiner's testimony showed that he had a profit of $1.27
568* per thousand feet on his business; that he manufactured something over sixty million feet per annum on an investment of six hundred thousand dollars, a capital stock of four hundred thousand dollars; that profit is equivalent to $76,200, or about 19 per cent on his capital stock and nearly 13 per cent on his total investment. In addition to that he counted $2.50 as the cost of stumpage—stumpage which cost him from 50 cents to two dollars a thousand, and charged off 10 per cent, or a certain per cent in operating expenses to cover depreciation of plant, so that in the course of years the stockholders would have paid back to themselves the entire cost of the plant. It seems to me that that is conclusive evidence that it is profitable.

Mr. BAXTER. State whether or not the published rates from all the yellow-pine producing territory in the South have been advanced correspondingly with the advance made in the rates from the Alabama and Mississippi territory to territory on and north of the Ohio River.

Mr. GREEN. They have; yes, sir.

Mr. BAXTER. That includes the rates from the Georgia territory as well as from Arkansas and Texas?

Mr. GREEN. Yes, sir.

Mr. BAXTER. What advances in the price of lumber have
569* been made heretofore within the last 6 or 7 years?

Mr. GREEN. Well, sir, the prices of yellow-pine lumber have steadily advanced during the last 6 or 7 years, or even longer. There have been periods of depression, perhaps, during that time, but the prices now are considerably higher than they were 6 or 7 years ago.

Mr. BAXTER. Under the present rates from Alabama and Mississippi territory to territory on and north of the Ohio River, which present rates include the advance of 2 cents per hundred pounds, is lumber a very profitable commodity to the carrier or not?

Mr. GREEN. It is not.

1** Mr. BAXTER. State how the profitableness of the lumber business compares with the profitableness of other commodities—that is, for transportation, value of tonnage, and cost of handling considered.

Mr. GREEN. It is less profitable, as a rule, than other commodities.

Mr. BAXTER. You have a movement of 386 cars of lumber over the Southern Railway during March, 1903, from 106 shipping points in the yellow pine district, to 59 destination points on and beyond the Ohio River?

Mr. GREEN. Yes, sir.

Mr. BAXTER. What were the actual earnings of your company, per ton per mile, on that business?

Mr. GREEN. Four mills.

Mr. BAXTER. For what proportion of the lumber handled over the Southern Railway are flat cars required?

Mr. GREEN. Of the movement of the 674 cars heretofore referred

to, 346 were open cars and 328 box cars. In other words, 51 3/10 per cent were open cars.

Mr. BAXTER. Was that movement from Georgia?

Mr. GREEN. It was from Georgia and Florida.

Mr. BAXTER. How would the same facts be with reference to movements from Mississippi and Alabama?

Mr. GREEN. As to our line, they would not materially differ.

2** Mr. BAXTER. The flat cars that are used by your line for the transportation of lumber north, do they come south loaded or empty?

Mr. GREEN. The great majority of them come south empty.

Mr. BAXTER. Is that true with reference to Alabama and Mississippi territory as well as the Georgia territory?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Are those flat cars generally available for the loading of other classes of traffic?

Mr. GREEN. They are not.

Mr. BAXTER. Are the box cars?

Mr. GREEN. The box cars are.

Mr. BAXTER. Is the use of flat cars for the hauling of lumber productive of as much revenue to the carrier as box cars?

Mr. GREEN. Certainly not.

Mr. BAXTER. Why not?

Mr. GREEN. For the simple reason that the use is not so general. They are not so available for all classes of traffic as are box cars.

Mr. BAXTER. Do you pay anything to the connecting lines from which you obtain flat cars?

Mr. GREEN. We pay the regular per diem charges.

Mr. BAXTER. Is that paid whether the car is loaded or empty?

Mr. GREEN. Yes, sir.

3** Mr. BAXTER. Do you know what percentage of the flat cars handled by the Southern Railway from Ohio River points to the southern lumber districts amounts to?

Mr. GREEN. About 85 per cent of the total flat-car movement.

Mr. BAXTER. In other words, about 85 per cent of the cars used for the movement of that lumber come south empty?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Is that true with reference to Alabama and Mississippi, as well as Georgia?

Mr. GREEN. As to our line, yes, sir. I can not speak as to these other Mississippi lines.

Mr. BAXTER. How is it with reference to your road in regard to lumber loading to the full capacity of the cars?

Mr. GREEN. Lumber does not load to the capacity of the cars. In the statement that was prepared of the movement of the 674 cars in March, I selected, just as I came to them on the statement, 100 flat cars, the total capacity of which was 5,810,000 pounds. The load was 5,027,650, or 86 5/10 per cent of the capacity. 200 box cars selected from the same statement, in the same way, having a capacity of 11,452,000 pounds, carried a load of 9,346,420 pounds.

Mr. BAXTER. You mean the gross or average capacity?

Mr. GREEN. That was the stencilled capacity; the actual capacity was ten per cent higher.

Mr. BAXTER. Did you intend to say average or gross?

Mr. GREEN. Gross capacity; actual capacity. The box
4** cars loaded to 81 6/10 per cent of capacity, and taking the 300 cars combined, they were loaded to 83 3/10 per cent of their capacity—that is, of their marked capacity.

Mr. BAXTER. Have you compiled a statement in regard to the rates on coal, carloads, per ton of 2,000 pounds, from Birmingham, Alabama?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Is it correctly compiled?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Will you file it as an exhibit, with your testimony?

(Same annexed and marked "Exhibit 7" to Mr. Green's testimony.)

Mr. GREEN. Yes, sir.

Mr. BAXTER. What is the average rate?

Mr. GREEN. 6.37 per ton per mile.

Mr. BAXTER. What is the average distance?

Mr. GREEN. 227 miles.

Mr. BAXTER. Does not that statement show the distance, the rates per ton per mile, and the rate per ton, on coal from Birmingham, Anniston, Rome, Chattanooga, Atlanta, Ashville, Augusta, Macon, Spartanburg, Charlotte, Meridian, and Columbus?

Mr. GREEN. Yes, sir.

Com'r PROUTY. Does that include New Orleans?

Mr. GREEN. No, sir.

Mr. BAXTER. Does that statement relate to coal carried over the Southern Railway between the points mentioned?

Mr. GREEN. Yes.

5** Mr. BAXTER. Mr. Green, is it customary anywhere, as far as you know, to consider the freight rates on lumber as having any relation to the rates on coal?

Mr. GREEN. No, sir.

Mr. BAXTER. Why not?

Mr. GREEN. There is certainly no competition between coal and lumber. Coal is used largely for the production of steam in manufacturing, and produces a large tonnage of commodities, yielding the railroad a revenue in excess of the revenue that is gained from lumber. There are no commercial or transportation conditions which would suggest that the rate on lumber should be made in relation to the rate on coal. Coal does not move for such long distances, for one thing.

Mr. BAXTER. Does coal load to the full capacity of the cars, or less?

Mr. GREEN. It loads to the full capacity, and frequently in excess; that is, the full marked capacity.

Mr. BAXTER. Does coal move from the South to points on and north of the Ohio River?

Mr. GREEN. Not that I ever heard of.

Mr. BAXTER. Well, speaking generally, does coal usually move for as great distances as lumber?

Mr. GREEN. No, sir.

Mr. BAXTER. Has it the same value as lumber?

Mr. GREEN. No, sir.

6** Mr. BAXTER. How does the average rate per ton per mile on the statement referred to compare with the average rate per ton per mile earned by your company on yellow pine lumber transported over its rails from points in Georgia to the territory on and north of the Ohio River during March, 1903?

Com'r PROUTY. What bearing do you claim the Georgia situation has on this situation here?

Mr. BAXTER. There is a movement of lumber from Georgia, showing certain rates per ton per mile, as compared with the movement of coal; rates from this district and rates from the Georgia district, and I am using the same statistics for coal for this district that I am using from Georgia.

Com'r PROUTY. Why shouldn't they be compared with the rates which this company receives from lumber from this district?

Mr. BAXTER. I just substituted these rates here for the Georgia rates in order that a comparison can be made.

Mr. GREEN. I think I can satisfy Mr. Prouty's question by this statement, that the average rate per ton per mile earned by the Southern Railway Company on its coal traffic is greater than the average rate per ton per mile earned by it on its lumber traffic from this or any other territory to points on and north of the Ohio River; actual earnings.

Mr. BAXTER. It has been stated that the average freight on yellow pine lumber from the southern district to points of destination on and north of the Ohio River amounts to as much in the aggregate as the value of the product at the mill. What have you to say to that proposition?

7** Mr. GREEN. I do not believe that to be true. It is true as to low grades of lumber, but there is a great deal of lumber shipped to points on and north of the Ohio River, the value of which at the mill exceeds the freight charges.

Mr. BAXTER. Is that not, generally speaking, almost universally true as to the higher grades of lumber?

Mr. GREEN. Unquestionably.

Mr. BAXTER. That the value of the lumber exceeds the freight charges?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Mr. Green, is it unusual for freight rates to be as low as, or lower, than the actual expense incurred by the carrier in transporting a shipment?

Mr. GREEN. I don't think I just caught your question, Judge.

Mr. BAXTER. Do you generally carry freight for less than the movement expense actually incurred?

Mr. GREEN. No, sir; we do not.

Mr. BAXTER. You endeavor to get some margin of profit when you undertake to handle freight?

Mr. GREEN. Certainly.

Mr. BAXTER. Are there not numerous commodities, Mr. Green, upon which the freight to points of destination is greater than the value of the commodity at the point of shipment?

Mr. GREEN. There are.

Mr. BAXTER. Can you mention some of them?

8** Mr. GREEN. Well it is often true that the rate is greater than the value of coal and iron ore, limestone, and other articles. Brick, sometimes, cement and lime.

Mr. BAXTER. Building stone?

Mr. GREEN. Building stone; yes, sir.

Mr. BAXTER. Well, are there not certain other articles whose value depends almost exclusively upon their being transported from one locality where they are worthless, to some other locality where they can be sold for a profit?

Mr. GREEN. Yes; the transportation facilities create a value for many articles. That is true as to lumber, and such items as sand, slag, and sometimes of ores and clays.

Mr. BAXTER. Even coal?

Mr. GREEN. Yes, sir; even coal.

Mr. BAXTER. Is there not a large per cent of low-grade lumber now sold to territory on and north of the Ohio River that was formerly thrown away or considered as waste material and burnt up as waste material?

Mr. GREEN. That is my information; yes, sir.

Mr. BAXTER. Isn't it that kind of lumber of which it may be said that the freight rates amount to the value of the article at the mill, in some instances?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Is any of the Alabama and Mississippi lumber shipped to Gulf ports?

9** Mr. GREEN. Yes, sir.

Mr. BAXTER. Any of it to points in the South near the pine-producing districts?

Mr. GREEN. Yes, sir.

Mr. BAXTER. How does the rate per ton per mile on lumber shipped to points in the South near the pine-producing districts compare with the rate per ton per mile from points in Alabama and Mississippi, to points on and north of the Ohio River?

Mr. GREEN. They are higher.

Mr. BAXTER. Have you prepared a statement showing the existing rates on lumber from points in Alabama and Mississippi to Gulf ports and to points in the South near the pine-producing districts?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Does it show the distances and rates per ton per mile?

Mr. GREEN. Yes, sir; it shows the distances and rate per ton per mile.

Mr. BAXTER. Will you file that as an exhibit with your testimony?

Mr. GREEN. Yes, sir.

(The statement referred to is herewith filed as part of the testimony of the witness, marked "Exhibit 8.")

Com'r PROUTY. About what is the average distance?

10** Mr. GREEN. Well sir, I have taken representative points which range, in Alabama, from 23 miles up to 377 miles.

Com'r PROUTY. Is there an actual movement of lumber, for export, 377 miles?

Mr. GREEN. Well, no, sir; this is not only to the ports, but to points contiguous to the producing district. I show the rate, for

instance, from points on our line in Alabama to Mobile and to other representative points contiguous to the district, and I show the rate from points in Mississippi to New Orleans.

Com'r PROUTY. Well, (from?) how far into the interior does this yellow-pine lumber actually move to the Gulf ports for export?

Mr. GREEN. As to our line, the movement is from what we call our Mobile division, south of Selma, and the maximum distance is not more than 150 miles.

Com'r PROUTY. About how high is the highest rate which that export lumber pays to the Gulf?

Mr. GREEN. Ten cents.

Mr. BAXTER. How are the rates on hemlock and white pine from northern points to points on and north of the Ohio River, as compared with the rates on yellow pine from Georgia points, or from Alabama and Mississippi points, to that territory?

Mr. GREEN. They are as high as or higher for the same distance.

Mr. BAXTER. Have you prepared a statement showing the comparative rates on yellow-pine lumber from south Mississippi points, as compared with the rates on hemlock, spruce, and white
11** pine from northern points?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Will you file that as an exhibit with your testimony?

Mr. GREEN. Yes, sir.

(The statement referred to is herewith filed as part of the testimony of the witness, marked "Exhibit 9.")

Mr. BAXTER. Does it show the distance and rate per ton per mile on lumber from Mississippi to Cairo, St. Louis, Louisville, Kentucky, and to various points in Indiana, Illinois, and Kentucky?

Mr. GREEN. It does.

Mr. BAXTER. I understand you to say that is shows the rates on lumber from Mississippi are as low as or lower than the rates on hemlock, spruce, and white pine to northern points, for the same distance?

Mr. GREEN. That is correct.

Mr. BAXTER. Why did you select Lumberton, Mississippi?

Mr. GREEN. I selected it as a representative point in the yellow-pine belt.

Mr. BAXTER. Have you prepared a statement showing the rates on yellow-pine lumber from south Mississippi points, as compared with the rates on lumber from other sections of the United States?

Mr. GREEN. I have.

Mr. BAXTER. Will you file that as an exhibit with your
12** testimony?

Mr. GREEN. Yes, sir.

(The statement referred to is herewith filed as part of the testimony of the witness, marked "Exhibit 10.")

Mr. BAXTER. What does that statement show, Mr. Green?

Mr. GREEN. It shows the existing rate on yellow-pine lumber from south Mississippi points, and the distance from such points, compared with the rates and distances between various other points in the United States.

Com'r PROUTY. What points in Mississippi have you selected?

Mr. GREEN. I have taken Laurel, Hattiesburg, and Lumberton.

Com'r PROUTY. About what is the average distance from those points to Chicago or to Cairo?

Mr. GREEN. The average distance from those points to Cairo, I should say, about 440 miles.

Com'r PROUTY. Do you think those points fairly represent the average distance that this Mississippi lumber is shipped, to Cairo?

Mr. GREEN. They do, sir, as to our connection—the Northeastern Road—in the Mississippi lumber district. I did not undertake to figure any distance as to the Illinois Central and its connections, be cause we do not handle any of that lumber.

Com'r PROUTY. Well, now, you say that the distance is how much—450 miles?

Mr. GREEN. It will average less than that. The distance
13** from Hattiesburg is 442 miles.

Com'r PROUTY. And your rate is 16 cents?

Mr. GREEN. Yes, sir.

Com'r PROUTY. How do you figure a rate anything like 4 mills per ton per mile on that business?

Mr. GREEN. I did not state that this freight paid a rate of 4 mills per ton per mile; I said that the actual revenue derived by the Southern Railway on those 674 cars handled during March was 4 mills per ton per mile.

Com'r PROUTY. You were talking about the rates on this business to Cairo?

Mr. GREEN. I wasn't talking about Cairo alone, but about the movement over this whole territory, and what we actually earned on it. We do not handle business from this territory through Cairo.

Com'r PROUTY. What are your lines—so that I may understand as you go along what you are talking about—what are your lines in Mississippi and Alabama which handle this lumber?

Mr. GREEN. We have in Mississippi a line extending east and west across the State, from Greenville to the State line, just east of Columbus. That it not the yellow-pine district.

Com'r PROUTY. That has nothing to do with this case?

Mr. GREEN. No, sir. We have a line extending down to Meridian.

Com'r PROUTY. Your lines extend from——

Mr. GREEN. I am speaking of the Southern Railway.

14** Com'r PROUTY. It controls the Queen & Crescent and Mobile & Ohio?

Mr. GREEN. Yes, sir; I am speaking of the Southern Railway alone.

Com'r PROUTY. I want you to speak of your lines—the lines of your system. What are those lines, in Alabama and Mississippi, which transport this lumber?

Mr. GREEN. Well, sir, the terminus of the Southern Railway lines in Mississippi is at Meridian; the terminus at which we receive this Mississippi lumber. We have our line running down to Selma and to Mobile, and that is the line which we speak of in Alabama.

Com'r PROUTY. How do you get this lumber from Meridian; do you get it from the Northeastern road there?

Mr. GREEN. We take it at Meridian and transport it to Ohio River crossings, via Selma, Rome, and Chatanooga, but most of it moves via the A. G. S. and M. & O. roads.

Com'r PROUTY. Where do you strike the Ohio River?

Mr. GREEN. We would make delivery to the Cincinnati Southern, at Chatanooga, and that line would take it to Cincinnati, or to Bur-

gin, Ky., and if to the latter, to the Southern Railway has a connection from Burgin to Louisville.

Com'r PROUTY. Don't you think the lumber people are entitled to the benefit of the short line?

Mr. GREEN. They get the benefit of the short line.

Com'r PROUTY. You can take that lumber from Meridian,
15** by the Mobile & Ohio, to Cairo?

Mr. GREEN. Yes, sir.

Com'r PROUTY. But that is one of your lines?

Mr. GREEN. Yes, sir.

Com'r PROUTY. Suppose the Mobile & Ohio took this lumber to Cairo from Meridian, what would the total haul be on that lumber, on your line?

Mr. GREEN. The distance by the Mobile & Ohio from Meridian to Cairo is 357 miles, as I recall it.

Com'r PROUTY. And the average haul on the Northeastern is how much, from Hattiesburg, for instance?

Mr. GREEN. 75 or 80 miles.

Com'r PROUTY. And the sum of those two hauls would be 425 miles, approximately?

Mr. GREEN. 442. (432.)

Com'r PROUTY. And at the rate of 16 cents that would be how much a ton per mile?

Mr. GREEN. Just a fraction over 7 mills.

Com'r PROUTY. Now if you want to haul that lumber some other way, you ought not to charge these people 4 cents?

Mr. GREEN. That lumber does not all move to Cairo.

Com'r PROUTY. It would reach its destination at exactly the same price that it would if moved to Cairo?

Mr. GREEN. Yes, sir.

Com'r PROUTY. Why should you charge these people any more
to move it in that way, when you would get your 7 mills
16** per ton if you see fit to move it in some other way?

Mr. GREEN. We do not control the movement of all the lumber that originates on the Northeastern road. We are competitors for some of it.

Com'r PROUTY. You are competitors with yourself, aren't you? What other lines compete for it?

Mr. GREEN. It has other outlets. The Northeastern can take and turn it over to the Illinois Central or take it to New Orleans.

Com'r PROUTY. Now, do you originate other yellow-pine lumber shipments in Mississippi and Alabama, except what originates on the Queen & Crescent road, or the Mobile & Ohio?

Mr. GREEN. We originate a great deal on our own line in Alabama—the line I referred to awhile ago.

Com'r PROUTY. Well, that would properly go through—the short line would be through Chatanooga, wouldn't it?

Mr. GREEN. Yes, sir; that lumber moves, as a rule, through Chatanooga.

Mr. BAXTER. The statement last filed shows the rates from points in Mississippi to be as low as or lower than the rates from corresponding points in the United States on lumber?

Mr. GREEN. Yes, sir.

Mr. BAXTER. What is the actual rate on Pacific Coast fir to points

on and north of the Ohio River, is greater than the actual rate on yellow pine from Mississippi to the same territory?

17** Mr. GREEN. It is substantially greater.

Mr. BAXTER. Have you compiled a statement showing a comparison between the rates on fir from Pacific Coast points and the existing rates on pine lumber from south Mississippi points to representative points on the Ohio River and beyond?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Will you file that as an exhibit with your testimony?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Has that been correctly compiled?

Mr. GREEN. Yes, sir.

(The statement referred to is herewith filed as part of the testimony of the witness, marked "Exhibit No. 11.")

Mr. BAXTER. There seems to be a difference between the weight of fir and that of yellow pine. Is that difference in weight sufficient to overcome the difference in the rate on fir from the Pacific coast, and the rate on yellow pine from Mississippi and Alabama points, to points on and north of the Ohio River or not?

Mr. GREEN. My information is that the heavy fir timber averages about 3,300 pounds per 1,000 feet, and that the maximum weight of yellow pine is 4,500 pounds per 1,000 feet. Now, the rates themselves on the fir average probably twice as much as on the yellow pine, and therefore the weight of the fir would have to be one-half the weight of the pine in order to equalize that difference.

Mr. BAXTER. Is there any competition between yellow-pine

18** lumber from Mississippi and the fir lumber from the Pacific coast to the territory on and north of the Ohio River or not?

Mr. GREEN. There is not.

Mr. BAXTER. Why not?

Mr. GREEN. First, because the freight rates from the Pacific coast prohibit any extensive movement of fir; and, secondly—I said no extensive movement; there is a movement in very long timbers, but, aside from that, there is practically no movement from that territory.

Mr. BAXTER. What is Pacific Coast fir sold for on and north of the Ohio River? What use is that put to?

Mr. GREEN. It is used for spars.

Mr. BAXTER. Derricks?

Mr. GREEN. Spars, derricks, and, to some extent, for car sills, where extra-long sills are required.

Mr. BAXTER. Its use is limited to special purposes?

Mr. GREEN. Yes, sir; that is my information. The company has, in that connection, made quite an enquiry by correspondence with the manufacturers of fir lumber on the Pacific coast. I have all of those letters, and they can be filed in evidence, if necessary.

Mr. BAXTER. Something has been said about the character of lumber that shippers are required to use in equipping flat cars. Is the grade or kind of lumber actually specified by the Master Car Builders' rules?

Mr. GREEN. No, sir. The requirement is that the material

19** should be sound, but it does not name any requirement as to grade.

Mr. BAXTER. Well, one of the witnesses on the other side filed a copy of the rules of the Illinois Central Railroad Company for the

loading of long lumber. Are they the same as the rules that maintain on your railroad? In other words, has your company adopted the rules of the Master Car Builders' Association?

Mr. GREEN. I understand so. I have never seen those rules, but my information is that the Illinois Central applies the Master Car Builders' rules just as we do.

Mr. BAXTER. What is the object of those requirements? Are they made by the freight department, or by the transportation department of the railroad?

Mr. GREEN. Made by the transportation department.

Mr. BAXTER. Why does the transportation department make those rules?

Mr. GREEN. It is a question in regard to the handling of business with which the traffic department has nothing to do. They make the rules because it is necessary to have this equipment to protect the load and to protect the train.

Mr. BAXTER. State whether or not the rates which the freight department charges upon lumber have been made in view of the requirement that the shipper should provide this equipment.

Mr. GREEN. Yes, sir.

20** Mr. BAXTER. In other words suppose the requirements were changed and put upon the carrier instead of the shipper, what effect would it have upon the rate?

Mr. GREEN. Of course I cannot say definitely, but I believe the rates would be higher; naturally so.

Mr. BAXTER. Why is it, if that be so at all, that the carriers do not, cannot, or will not supply that equipment?

Mr. GREEN. It isn't practicable for them to supply it; it wouldn't be practicable for them to obtain it unless the equipment was made a fixture; otherwise, we would probably have to supply this equipment, or part of it, every time the car was loaded. Stakes would be lost or taken off at destination, and every time a car was returned the road would probably have to furnish new equipment.

Mr. BAXTER. Is it possible to put the standards in there stationary—to fasten them so that they cannot be removed?

Mr. GREEN. There would be objection, I presume, to that on the part of the lumber manufacturer, because it would make it more difficult to load the car, and there would be objection on the part of the railroad companies because it would make it difficult when we had freight such as machinery, boilers, or vehicles, or things of that kind. It would interfere with the loading of that class of freight.

Mr. BAXTER. As far as your observation is concerned on your

21** own line, are those standards, strips, and supports used to equip flat cars made of high-grade lumber?

Mr. GREEN. They are not actually made of high-grade lumber, as a rule. I had that feature investigated by the examination by our tie and timber agent, of cars actually in transit, which shows that the standards are, as a rule, made out of what you might call cast-off pieces. They are pieces of really inferior lumber. I noticed a great many cars myself in which that was the case.

Mr. BAXTER. Are the cars that are used for the movement of lumber furnished to the mill men as a matter of preference by the carrier, or at the request of the mill men—the flat cars?

Mr. GREEN. I should say that they are necessary for the mill men,

because the lumber that is loaded on a flat car is, as a rule, lumber that couldn't be loaded on any other kind of a car.

Mr. BAXTER. What are the requirements in reference to furnishing standards for lumber in other sections of the country?

Mr. GREEN. I understand that the requirements of the Master Car Builders' rules apply, generally, all over the country.

Mr. BAXTER. Have you had the matter of the cost to the shipper of furnishing standards, strips, and supports for flat cars examined into on your line?

Mr. GREEN. Yes, sir.

Mr. BAXTER. What do you find it to be?

22** Mr. GREEN. My information is that the average cost does not exceed $1.50 per car.

Mr. BAXTER. Well, what does the freight on the standards, braces, and supports furnished by the shipper average, according to your investigation?

Mr. GREEN. Well, I couldn't give a definite idea about that, as to the movement from this particular territory, because I have no idea what average rate is paid on the actual movement, but from investigations that I have made as to our own line in Alabama, Georgia, and Florida, the average weight approximates 800 pounds, and the average rate on this from that territory is probably 22 or 23 cents. That is merely from the standpoint of our own movement.

Mr. BAXTER. Do the standards, strips, and supports have any value at destination, or are they worthless?

Mr. GREEN. I understand they are used at destination by the lumber dealers around their yards in stacking lumber and sometimes converted into kindling, so that, generally speaking, they have some use and value at destination.

Mr. BAXTER. Are there any other commodities subjected to the same rules and charges with reference to their being secured on flat cars?

Mr. GREEN. There are similar requirements as to any commodities loaded on an open car, which require protection to make the load safe.

Mr. BAXTER. Well, such as structural material?

Mr. GREEN. Yes, sir.

23** Mr. BAXTER. Plates, rails, girders, cast-iron patterns, and telegraph poles; what do you say as to those?

Mr. GREEN. It is true of all those.

Mr. BAXTER. Carriages?

Mr. GREEN. Boilers, engines, and machinery loaded on open cars, and, generally, anything that requires protection or requires equipment for its security.

Mr. BAXTER. What requirements are made of the shippers of live stock in regard to furnishing partitions to take care of the stock?

Mr. GREEN. They furnish partitions at their own expense.

Mr. BAXTER. Now, where shipments are required to be protected in the manner described, are the freight charges assessed on the net weight of the articles or on the gross weight, including the weight of the material itself?

Mr. GREEN. Generally speaking, the freight charges are assessed on the gross weight of the package or of the shipment, where thus secured.

Mr. BAXTER. That would include the weight of the material used to secure it?

Mr. GREEN. Yes, sir.

Mr. BAXTER. How long has the market for yellow pine in the territory on and north of the Ohio River been open?

Mr. GREEN. Well, sir, I don't know exactly; but, a great many years.

Mr. BAXTER. You know whether the railroads have used any
24** effort to build up that market?

Mr. GREEN. They unquestionably made great effort to do it by furnishing facilities for the handling of the business.

Mr. BAXTER. State, if you please, what character of rates they made, and what object did they have in making such rates?

Mr. GREEN. The lines from Mississippi?

Mr. BAXTER. Yes, sir.

Mr. GREEN. The adjustment to Cairo was made to meet the adjustment from Arkansas and the territory west of the Mississippi River for the purpose of enabling the Mississippi shipper to get into that territory in competition with the shippers west of the Mississippi River.

Mr. BAXTER. Well, now, was that adjustment more or less favorable than the adjustment of the freight rates on other commodities?

Mr. GREEN. When we made that adjustment we departed from the relative basis of rates which had obtained for many years, not only as to lumber, but all other classes of traffic, and which obtains to-day, with the exception of lumber, to the various Ohio River crossings—Cairo, Louisville, Cincinnati, etc.

Mr. BAXTER. Now, had that adjustment previously obtained with reference to all traffic, and still pertains to all traffic, except lumber, in regard to which you say you departed from the usual rule?

25** Mr. GREEN. I mean as to lumber alone we departed from that or destroyed that relation by making an abnormal reduction in the lumber rate to Cairo. We have not destroyed it on anything else.

Mr. BAXTER. What was the usual adjustment that obtained before you made this exception in favor of lumber? You say you departed from the rule.

Mr. GREEN. The difference between the rate to Cairo and Cincinnati was 3 cents, but by making this change we made the difference 7 cents—by reducing the rate to Cairo.

Mr. BAXTER. You didn't do it for any other article than lumber?

Mr. GREEN. No, sir.

Mr. BAXTER. Was there any depression in the lumber market at or about the time this rate to Cairo was reduced to 13 cents?

Mr. GREEN. Yes, sir; my recollection is that the Chicago market price at that time, on flooring, was about $15.00 per 1,000 feet, in May, 1894, when we put down the Cairo rate to 13 cents.

Mr. BAXTER. When that rate was put down to 13 cents, was that the same as the published rate from points in Arkansas to Cairo?

Mr. GREEN. Yes, sir.

Mr. BAXTER. What effect did the reduction of that rate to 13 cents have upon the movement or the ability to move lumber from Alabama and Mississippi points to points on and north of the Ohio River?

26** Mr. GREEN. The movement steadily increased.

Mr. BAXTER. You have stated that at the time the reduction was made on May 1st, 1894, the Chicago market price for No. 1 and 2 flooring was $15.00 per 1,000 feet. Now, on September 9th, 1899, the rate to Cairo was advanced to 14 cents per 100 pounds. You know what the quotations in the Chicago market were on that day for No. 1 and 2 flooring?

Mr. GREEN. It was $19.00 to $20.00 per 1,000 feet.

Mr. BAXTER. That was an increase of how much?

Mr. GREEN. $4.00 on one grade and $5.00 on the other.

Mr. BAXTER. Over the prices that prevailed when the rate of 13 cents to Cairo was established?

Mr. GREEN. Yes, sir.

Mr. BAXTER. On April 15th, 1903, the rate to Cairo from this territory was advanced to 16 cents per 100 pounds, was it not?

Mr. GREEN. Yes, sir.

Mr. BAXTER. What was the price of No. 1 and 2 flooring in Chicago at that time?

Mr. GREEN. $21.00 to $22.00 per thousand.

Mr. BAXTER. Prior to May 1st, 1894, were the published rates from points in Arkansas to Cairo higher or lower than the published rates from points in Mississippi and Alabama to Cairo?

Mr. GREEN. They were lower.

Mr. BAXTER. How much?

Mr. GREEN. Never less than 2 cents lower.

27** Mr. BAXTER. That is exclusive of the tap-line system they have got over there?

Mr. GREEN. Yes, sir; I have had no reference to the tap lines at all.

Mr. BAXTER. The rates from Mississippi, Alabama, and Louisiana territory to Cairo are as low as the published rates from Arkansas to Cairo, are they not?

Mr. GREEN. Yes, sir.

Mr. BAXTER. A tariff was handed in here yesterday by Mr. Gardiner, showing that some road on the 4th of November reduced some rates. What territory was that?

Mr. GREEN. Those rates were from points on the Missouri Pacific and some of its connections to points in trunk-line territory east of this territory in controversy here.

Com'r PROUTY. Didn't that apply to the Central Yellow Pine Association territory?

Mr. GREEN. No, sir.

Mr. BAXTER. That applied from Arkansas?

Mr. GREEN. That applied from points in Arkansas and Texas to points like Baltimore, Philadelphia, Boston, New York, and points that take the same rates. That tariff did not contain any points west of the western termini of the trunk lines.

Mr. BAXTER. Even under the present advance in rates—I mean by that the advance of 2 cents per 100 pounds—are shippers in Alabama, Mississippi, and east Louisiana in a better or worse position

28** to compete with the shippers from Arkansas than they were before the rates from Alabama and Mississippi were made the same as the published rates from Arkansas to Cairo?

Mr. GREEN. They are in a better position.

Mr. BAXTER. Why is that so?

Mr. GREEN. Because the rates now are lower to Cairo than they were at that time and the same as from Arkansas to Cairo, whereas before they were higher than from Arkansas to Cairo.

Mr. BAXTER. If the prices of yellow pine lumber to points on and north of the Ohio River have been reduced, has such reduction been recent or of long standing?

Mr. GREEN. If there has been any reduction at all it has been a recent reduction and confined, I think, to certain classes of lumber.

Mr. BAXTER. Have such reductions in the prices of yellow pine lumber in that territory, as have occurred, been due to the advance in freight rates?

Mr. GREEN. Not at all.

Mr. BAXTER. To what do you attribute those reductions, where they have occurred?

Mr. GREEN. To changes in commercial conditions. The car manufacturers are not doing as large a business as they did, say a year ago, or even at the beginning of this year, and therefore they are not buying as much car material. The railroads themselves are
29** not buying as much material as formerly. I understand that, owing to the probably tight money market—a stringency in the money market—building operations are perhaps not quite as heavy as they were in the beginning of the year.

Mr. BAXTER. Have, or not, labor disturbances cut any figure in this matter of prices in New York?

Mr. GREEN. I understand that the strikes in New York affected the building trade; yes, sir.

Mr. BAXTER. Are the prices actually paid for yellow pine lumber since January, 1902, higher than they were at that time?

Mr. GREEN. The average price paid by the Southern Railway Company for the year ending June 30th, 1903, was 71 cents per 1,000 feet, or 5.88 per cent greater than the average price paid for the year ending June 30th, 1902, showing that, as to our purchases, prices have advanced since 1902.

Mr. BAXTER. Take the average price per thousand feet for yellow pine lumber purchased by the Southern Railway Company for the fiscal year ending June 30th, 1899, and for the fiscal year ending June 30th, 1903, and state how they compare.

Mr. GREEN. In 1903 over 1899 the increase was $3.59 per 1,000 feet.

Mr. BAXTER. What per cent of increase was it?

Mr. GREEN. $35\frac{5}{10}$ per cent.

Mr. BAXTER. Have you prepared a statement showing the fluctuations in the Chicago market on long leaf yellow pine lumber, in dollars and cents per 1,000 feet?

30** Mr. GREEN. Yes, sir.

Mr. BAXTER. Has that been correctly compiled; and if so, from what?

Mr. GREEN. Compiled from the records of the "American Lumberman," of Chicago, and its predecessors.

Mr. BAXTER. Is that recognized among lumbermen, railroad men, contractors, etc., as a paper that can be relied on?

Mr. GREEN. It is.

Mr. BAXTER. How are those prices shown; daily, quarterly, or how?

Mr. GREEN. They are shown for each quarter from 1898 to 1903, inclusive, and the prices prevailing in October, 1903. This is just the same as for the third quarter.

(Same filed as Exhibit 12.)

Mr. BAXTER. What does that statement show with reference to the price of yellow pine lumber in the Chicago market from 1898 to January, 1902?

Mr. GREEN. It shows that except for rare periods there was a steady advance and that the prices now on flooring are fifty per cent higher than they were in 1898. That on what is called dimension stuff and timbers the price now, as compared with 1898, is from $1.50 to $4.00 per thousand higher; that is, the first quarter of 1898.

Mr. BAXTER. During the last few years, Mr. Green, has the cost of operating railroads in the South increased or diminished?

Mr. GREEN. As to the Southern Railway, the cost has very greatly increased. I think that is true generally.

31** Mr. BAXTER. How does the percentage of increase in the cost of operations of the Southern Railway compare with the percentage of increase of gross earnings?

Mr. GREEN. The percentage of increase in the cost of operation is greater during the last two fiscal years than the percentage of increase in the gross earnings.

Mr. BAXTER. Have you prepared a statement showing the increase in expenditures of the Southern Railway Company for the item of coal, lumber, wages of certain employees, steel rails, locomotives, and freight cars?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Has that been correctly compiled?

Mr. GREEN. It has.

Mr. BAXTER. Will you file that as an exhibit with your testimony?

Mr. GREEN. Yes, sir.

(The statement referred to is herewith filed as part of the testimony of the witness, marked "Exhibit No. 13.")

Mr. BAXTER. What fiscal year is covered by that statement?

Mr. GREEN. The year ending June 30th; each year, 1898 to 1903, inclusive.

Mr. BAXTER. Does it show the amount paid for lumber, for wages, and the amount paid out for each of those years for each of those items?

Mr. GREEN. Yes, sir.

32** Mr. BAXTER. Show the average price paid for rails?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Does it show the percentage of increase in cost for each of those items?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Does it show the increase in gross earnings of said company in each of those years over the preceding years, and the percentage of increase in gross earnings for each year over the preceding year?

Mr. GREEN. It does.

Mr. BAXTER. Now take the cost of items not mentioned in said statement. Has there been an increase or diminution in their prices during the same time?

Mr. GREEN. There has been an increase in the cost of practically everything that goes to make up the cost of transportation.

Mr. BAXTER. Something has been said about its not being necessary to incur additional cost. What have you to say upon that point?

Mr. GREEN. The Southern Railway couldn't operate without it.

Mr. BAXTER. With reference to the shortage of cars, what have you to say in regard to that, so far as the Southern Railway is concerned?

Mr. GREEN. Well, sir; we have taken every step we could reasonably take to provide equipment to take care of our traffic,

33** by the purchase of cars and by getting cars from other lines. Particularly is that true as to getting cars from other lines for the lumber movement; such as flat cars.

Mr. BAXTER. Did the Southern Railway anticipate a crush of business and make contracts for additional cars?

Mr. GREEN. We anticipated it as far as we could. We did not anticipate the full extent of it, and I don't suppose any one did or could do that.

Mr. BAXTER. Well, did your company give out contracts for the manufacture of freight cars?

Mr. GREEN. We did; certainly.

Mr. BAXTER. Were those contracts complied with by the contractors, and cars and locomotives furnished as they agreed to do?

Mr. GREEN. No, sir; they were greatly delayed.

Mr. BAXTER. What increase has the Southern Railway made between July 1st, 1894, and June 30th, 1903, in it's freight-car equipment?

Mr. GREEN. We have added 19,149 freight cars of all kinds, or an increase of more than 105 per cent.

Mr. BAXTER. During that period what additions have you made to your flat-car equipment?

Mr. GREEN. 1,341; an increase of 87 per cent.

Mr. BAXTER. During the same period, what increase have you made in locomotives?

34** Mr. GREEN. 408 new locomotives; an increase of 40 per cent.

Mr. BAXTER. Were those additional locomotives and cars necessary for your business, or were they unnecessary?

Mr. GREEN. They were necessary in the handling of our business.

Mr. BAXTER. Have you prepared a statement showing the average earnings and expenses, interest, rentals, taxes, etc., for the fiscal years ending June 30th, 1898, to June 30th, 1903, inclusive?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Has that been correctly compiled?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Have you prepared a statement or table showing a comparison of the gross and net earnings of the Southern Railway Company for the five years ending June 30th, 1902?

Mr. GREEN. Yes, sir.

Mr. BAXTER. State whether or not that has been correctly compiled?

Mr. GREEN. It has.

Mr. BAXTER. Will you file those two statements as exhibits with your testimony?

Mr. GREEN. Yes, sir.

(The statements referred to are herewith filed as part of the testimony of this witness, marked "Exhibits 14 and 15.")

Mr. BAXTER. In September, 1899, rates on lumber from Mis-
35** sissippi, Alabama, and Louisiana to points on and north of the Ohio River were increased, were they not?

Mr. GREEN. Yes, sir; to the extent of 1 cent per 100 pounds.

Mr. BAXTER. Did that 1 cent increase go to the roads south of the Ohio River, or to the roads north of that?

Mr. GREEN. That went to the roads south of the river.

Mr. BAXTER. Now, did the roads south of the river make any other increase in their rates until April 15th, 1903, when they were increased 2 cents to Cairo?

Mr. GREEN. They did not.

Mr. BAXTER. Were those advances, in your opinion, Mr. Green, justified, or not, by the market conditions existing at the time they were respectively made?

Mr. GREEN. I think they were.

Mr. BAXTER. Were they, or not, justified by the increased cost of the operation of the railroads?

Mr. GREEN. Yes, sir.

Mr. BAXTER. Has the lumber traffic in the Mississippi, Alabama, and east Louisiana districts to points on and north of the Ohio River increased or decreased since that time?

Mr. GREEN. The movement via the Southern Railway has increased steadily, both since the advance in September, 1899, and since the advance in April, 1903.

Mr. BAXTER. It has been stated that yellow-pine lumber has been singled out to bear the entire burden of the increased expense of rail-
road operations; what have you to say to that?

36** Mr. GREEN. That is not true. Lumber is about the last of the important commodities on which rates have been raised. We have made a great many other advances.

Mr. BAXTER. Certain reductions have heretofore been made in the rates on yellow-pine lumber from the southern territory to territory on and north of the Ohio River, in order to enable that lumber to be marketed. Now, when those reductions were made, were they met by simultaneous reductions in the rates on other commodities moving from or to points in the same territory?

Mr. GREEN. No, sir; nor is it customary anywhere when a reduction or an advance is made in the rate on any one commodity to make a redution or an advance on all other commodities.

Mr. BAXTER. Now, Mr. Green, taking into consideration the facts to which you have heretofore testified in this hearing, are there any other facts that may occur to you relative to the question as to whether, in your opinion, the recent advance in rates on yellow-pine lumber from points in Alabama, Mississippi, and Louisiana to the territory on and north of the Ohio River is just and reasonable, or unjust and unreasonable—that is, the advance of 2 cents per 100 pounds?

Mr. GREEN. I think the existing rates are just and reasonable, because, among other reasons, they permit a free movement of the traffic at a profit to the manufacturer; because they did not yield the carrier an excessive profit; because they are as low as the published rates from other yellow-pine producing sections with which

37** this section must compete; and because they compare favorably with the rates on all kinds of lumber for corresponding distances between other parts of the country where the conditions surrounding transportation are similar. It seems to me those are reasons sufficient to sustain the reasonableness of this particular rate.

Cross-examination:

Mr. MILLER. Mr. Green, what railroads comprise the Southern Railway?

Mr. GREEN. What railroads comprise the Southern Railway?

Mr. ———. What comprises the Southern Railway? I will put it that way. Give what you call the Southern Railway proper.

Mr. GREEN. Well, the Southern Railway proper extends from Washington, District of Columbia, to Greenville, Mississippi; from Bristol, Tennessee, to Memphis; Chattanooga down to Brunswick and other lateral lines; Norfolk & West Point to Danville; Goldsboro to Greensboro, with a number of other lines running into North Carolina; from Charlotte, North Carolina, down to Columbia, Savannah, Jacksonville, Charleston, Augusta, and certain other lines in Georgia, Alabama, Mississippi, &c.

Mr. MILLER. How long has the Southern Railway as now constituted been in existence?

Mr. GREEN. Since July 1st, 1894. That is, the Southern Railway Company has been in existence since that date, but, of course, all of those various roads have not been part of the Southern Railway.

Mr. MILLER. And when was it that the Mobile & Ohio was
38** acquired by the Southern?

Mr. GREEN. I don't recall the date.

Mr. MILLER. Within the last two or three years?

Mr. GREEN. Yes, sir.

Mr. MILLER. What do you call that association of railroads in Georgia?

Mr. GREEN. The Southeastern Freight Association.

Mr. MILLER. And this one the Southeastern Mississippi Valley?

Mr. GREEN. Yes.

Mr. MILLER. And what did it succeed? What association preceded that which operated this rate question?

Mr. GREEN. The name of the association, with headquarters in Atlanta, was the Southern States Freight Association. The original name was the Southern Railway and Steamship Association.

Mr. MILLER. And how far did its territory extend?

Mr. GREEN. Well, it varied, and at times embraced the whole territory east of the Mississippi River and south of the Ohio River.

Mr. MILLER. What is the difference in the constitution between the present association and the Railway and Steamship Association?

Mr. GREEN. Well, I expect that I can express that so you will
39** best understand it in this way: Under the old association the majority of the jury hung the obstinate man, and in this association the obstinate man hangs the jury.

Mr. MILLER. In what regard?

Mr. GREEN. That is to say, one man can prevent an advance in rates.

Mr. MILLER. So it requires unanimity now, whereas the majority controlled before?

Mr. GREEN. No, sir; it is absolutely independent action on the part of any one. What I mean by that is this. Take this lumber trade, which is competitive as to territory. If the Southern Railway did not feel that its interest—the interests of the lumber shippers on its line—would permit an advance in lumber rates, the Southern Railway would not make that advance. Naturally, some other line serving the lumber section in competition with ours would not, even though they thought an advance ought to be made, undertake to advance their rates, and thus perhaps injure itself and its patrons.

Mr. MILLER. You said that the action of the Southern in making this advance was absolutely independent?

Mr. GREEN. Yes, sir.

Mr. MILLER. Do you mean to say by that that it would have made the advance whether the others concurred or not?

Mr. GREEN. There was no concurrence. I mean to say this, that so far as the Southern Railway's putting in this rate was con-
40** cerned it acted absolutely independent. We would not have put the rate in; would not have advanced rates from points on its line if the other roads had not advanced their rates.

Mr. MILLER. Well, did it have some understanding with the other lines before it made the announcement?

Mr. GREEN. I think probably I can save you some questions if I just explain the whole story. This question became a subject of discussion between the several lumber carriers for perhaps the first time at a meeting in St. Augustine, Florida, January 21st or 23d, one of those days. All the lumber carriers were not represented at that meeting. It was not an association meeting of either the Southeastern Freight Association or the Southeastern Mississippi Valley Association. I don't know who was the first to suggest that the lumber rates could be advanced, but it was probably Mr. Powell. Mr. Powell met, at that time, a representative of one of the lines west of the Mississippi River and discussed the matter with him. All of those other lines west of the Mississippi River had already considered the matter and had decided to make an advance of 1 cent and possibly 2 cents; wasn't entirely settled which. Now, as I say, all of the lumber-carrying roads in this territory east of the river were not present at the St. Augustine meeting——

Mr. MILLER. You recollect what roads were represented there?

Mr. GREEN. No, sir; I don't recall all of them, but the Southern Railway, the Louisville & Nashville, and the Central of Georgia were some of them. There was a meeting here, subsequent
41** to that, on January 28th, probably brought about, in fact brought about by the fact that most of the lines had an appointment here with the Mississippi Commission on that date, and at that meeting the lumber question came up again, because probably the most important line east of the Mississippi not present at the St. Augustine meeting was the Illinois Central. They were represented here, and the matter was the subject of further discussion here, and I think a memorandum was read yesterday giving the result of that discussion.

Mr. MILLER. Were you here?

Mr. GREEN. No, sir. We were represented at this meeting by Mr. Powell, who was the chairman.

Mr. MILLER. Personally you don't know what steps were taken to reach an agreement here?

Mr. GREEN. I know what the nature of the discussion was, as informed by others and as advised by Mr. Powell.

Mr. MILLER. By the way, why didn't they wind it all up here if all the roads were represented? Why did they have to adjourn and take it up at St. Louis again two or three days afterwards?

Mr. GREEN. I don't know; but the memorandum that was read into the record here says they adjourned in order that they might confer with the Arkansas lines—the lines west of the Mississippi River—to ascertain what their views were.

Mr. MILLER. Their views or purpose?

42** Mr. GREEN. Their views or purposes—to know what they were going to do.

Mr. MILLER. Well?

Mr. GREEN. As a result of the St. Louis meeting—I was not present and don't know all about the discussion—we gave notice on February 4th of our purpose to advance the lumber rates.

Mr. MILLER. That was five or six days after the meeting?

Mr. GREEN. Yes; I think the first advice we received about it was probably on the 3d.

Mr. MILLER. Did that advice give you to understand that all the roads were in line on that, and declarations filed by each?

Mr. GREEN. No declarations had been filed, so far as I know, with the possible exception of one or two. We did understand that practically all the lines of the pine-producing sections would make an advance in the rate, and knowing that fact we undertook to advance our rate.

Mr. MILLER. And unless you had known that you wouldn't have undertaken to advance your rate, would you?

Mr. GREEN. It is not likely that we would.

Mr. MILLER. And there was some effort to reach that understanding beforehand, was there not?

Mr. GREEN. Well, we thought the rate ought to be advanced, and we expressed our views to that effect, and we hoped, of course, that others might concur with us.

43** Mr. MILLER. And insisted that unless they did you would not make the advance?

Mr. GREEN. We couldn't, in justice to ourselves and our shippers, advance rates from points on our line unless they were advanced by the others.

Mr. MILLER. And you all agreed to do the same thing?

Mr. GREEN. We didn't agree to do anything of the kind; there was no agreement about it.

Mr. MILLER. Well, an understanding?

Mr. GREEN. The whole purpose of the blanket adjustment of rates is to keep the yellow-pine industry on a parity.

Mr. MILLER. You had this meeting, ascertained each others' views about it, and finding they were in accord you proceeded to act on the suggestion, independently, to put the rate in effect; is that it?

Mr. GREEN. Yes; and had we felt at any moment after that meeting that the rates should not be advanced there was no obligation of any nature whatever to prevent us, independently and without consulting anybody, from declining to put the rate in.

Mr. MILLER. You were at liberty to withdraw from the conspiracy?

Mr. GREEN. I don't know anything about a conspiracy; I never was in one.

Mr. MILLER. Didn't you understand the situation was compli-
44** cated to some extent by the failure or neglect or refusal of the representative of the New Orleans & Northeastern to express the views of that company?

Mr. GREEN. I did not.

Mr. MILLER. You didn't know anything about that feature of the correspondence?

Mr. GREEN. No, sir.

Mr. MILLER. You don't know that Mr. Washburn was calling for declarations which it was understood would be made in pursuance of what had been done at St. Louis, and that these declarations were delayed on account of the uncertain attitude or misunderstanding of the attitude of the New Orleans & Northeastern at that meeting?

Mr. GREEN. I don't know what caused the delay, if there was any, on the part of any of the lines, but I know there were no complications in regard to the matter so far as we were concerned.

Mr. MILLER. You do know these declarations were made with practical uniformity in point of time, as well as in fact?

Mr. GREEN. No, sir; I think not; I think probably several weeks——

Mr. MILLER. It couldn't be several weeks if it was to take effect the 1st of March.

Mr. GREEN. Not in that case.

Mr. MILLER. You had to give ten days' notice before you made an advance in the tariff?

Mr. GREEN. Yes, sir.

45** Mr. MILLER. Did Mr. Hayden Miller represent you at St. Louis, or your road?

Mr. GREEN. Mr. Hayden Miller does not represent the Southern Railway.

Mr. MILLER. Does he not represent the Mobile & Ohio?

Mr. GREEN. He does.

Mr. MILLER. Does not the Mobile & Ohio constitute a part of the Southern?

Mr. GREEN. The Mobile & Ohio is controlled by the Southern Railway but it is operated independently, and Mr. Miller is employed by the Mobile & Ohio and not by the Southern.

Mr. MILLER. I understand he gets his cue from the Southern, does he not?

Mr. GREEN. No, sir; not that I know of.

Mr. MILLER. Do you mean to say that the Southern is not responsible for Mr. Miller's correspondence and statement in regard to that proceeding?

Mr. GREEN. I can only speak for the traffic department of the Southern Railway, and I say that that department of the Southern has no more control over Mr. Miller's actions than it has over yours.

Mr. MILLER. It controls his road but not himself?

Mr. GREEN. The traffic department has nothing to do with Mr. Miller's road.

Mr. MILLER. Are you professing to be familiar with what
46** occurred at St. Louis in the efforts to reach this harmony?

Mr. GREEN. I was not present at the conference held in St. Louis.

Mr. MILLER. Are you aware of the difficulties and repeated attempts to get the Arkansas roads into line before it was accomplished?

Mr. GREEN. No, sir; I am not aware of any difficulty or any attempts to do that.

Mr. MILLER. Did you know all this time that the shippers in Arkansas were not really paying the rate that was being published as in effect?

Mr. GREEN. I did not. I have heard from time to time that tapline allowances were made in Arkansas. I never understood or never heard it stated, until this hearing, that it was a general practice—I say this hearing; I mean the beginning of this controversy.

Mr. MILLER. Has there been one time since you have been connected with the railway that the lumber tariff was satisfactory from any point of view?

Mr. GREEN. Satisfactory to who?

Mr. MILLER. To the railway companies.

Mr. GREEN. Well, sir, I cannot say as to that, whether it was entirely satisfactory. I think I can say this safely, that the Cairo rate has never been satisfactory to the railway—to the Southern Railway—when it was reduced to 13 cents.

47** Mr. MILLER. Well, as a revenue-earning proposition, has any lumber rate applied by the Southern, either from this territory or Georgia, been deemed satisfactory by the management or the traffic department?

Mr. GREEN. Yes, sir; I suppose there are a good many.

Mr. MILLER. Well, during what period or time?

Mr. GREEN. You are asking now about rates to the Ohio River and beyond alone, or are you speaking generally about lumber rates?

Mr. MILLER. About lumber rates generally.

Mr. GREEN. I presume that we have got some lumber rates in now that are.

Mr. MILLER. What of the lumber rates to central traffic points?

Mr. GREEN. With the rates advanced 2 cents it has been reasonably satisfactory, but we are not satisfied with the Cairo adjustment.

Mr. MILLER. Why?

Mr. GREEN. Because it is too low. It is out of proportion to the other Ohio River crossings.

Mr. MILLER. You have filed a statement here, Mr. Green, showing the result of the operations of some 674 cars of lumber, and you undertake to say that the returns show an earning of 4 mills per ton per mile.

Mr. GREEN. That was the actual result to the Southern Railway for the handling of that lumber.

Mr. MILLER. Now, do you mean to say that the lumber only

48** paid 4 mills per ton per mile, or that the Southern only got that part of what it did pay?

Mr. GREEN. I mean that it paid the Southern Railway 4 mills per ton per mile.

Mr. MILLER. Are you prepared to state what the owner of the lumber paid, per ton per mile, for the transportation of those 674 cars of lumber?

Mr. GREEN. No, sir; I didn't attempt to determine that, but I think I can safely say he paid about 6 mills.

Mr. MILLER. About 6 mills?

Mr. GREEN. That's for transportation to points on and north of the Ohio River.

Mr. MILLER. But you haven't figured that out?

Mr. GREEN. No, sir.

Mr. MILLER. In other words, you are not prepared to say what division the initial carrier got out of the entire rate paid on the 674 cars?

Mr. GREEN. I am perfectly willing to give you any information as to divisions.

Mr. MILLER. No; I am not talking about willingness; I am talking about the transportation of lumber as a source of revenue to the railroad.

Mr. GREEN. The statement I filed was to show what the lumber business was worth to the Southern Railway. I can't very well speak for other lines.

Mr. MILLER. And those cars you took for an illustration
49** were shipped out of Georgia territory, were they not?

Mr. GREEN. They were from Georgia, Florida, and some from Alabama.

Mr. MILLER. Isn't that a reproduction of the exhibit you filed in Georgia?

Mr. GREEN. The same information I filed in Georgia, and which I also used in this case, in Kosciosko.

Mr. MILLER. Mr. Green, don't you think the revenue of these associated roads would be greatly improved by agreeing to advance the rates where the competition is now so sharp, and wouldn't it be just as easy to do that as to make an advance to the shipper where the traffic was local?

Mr. GREEN. I can't say I understand your question. Rates on what?

Mr. MILLER. We will take this New Orleans situation, for instance.

Mr. GREEN. Advance the rates from New Orleans?

Mr. MILLER. Yes, take this territory; any part of this territory where you have got agreed rates?

Mr. GREEN. We have no agreed rates anywhere.

Mr. MILLER. Not even on lumber?

Mr. GREEN. No, sir.

Mr. MILLER. How do you distinguish between an agreement as to
rates and a series of meetings resulting in an expression of
50** harmonious views in regard to the matter, and upon which you subsequently act in a similar manner?

Mr. GREEN. I think if I discuss with a competitor the question of rates and give him my views on the subject, and they accord with his, and after giving the matter thorough consideration he thinks my views are sound, that so long as we maintain an absolutely independent attitude it doesn't constitute an agreement, even though we may do the same thing as the result of that discussion.

Mr. MILLER. You wouldn't do it unless you understood that each of the others would do it?

Mr. GREEN. Certainly I would not advance rates on lumber from

points on our line if that lumber was commercially competitive with other lines.

Mr. MILLER. Is that Mr. Culp's statement, that they would not have made the advance upon the understanding that the other roads would; but if they did, did you notice that distinction in his statement?

Mr. GREEN. I don't know; I don't just understand your question.

Mr. MILLER. His position was, not that an advance would be made by the Southern Railway if the other roads would do it but only in case the other roads did.

Mr. GREEN. It is possible that we might have advanced the rates whether the other roads did or not, but it is not probable we would have continued them. We had a case of that kind very re-
51** cently where we put in some advanced rates on fertilizers, made them effective, and one or two other lines decided after we had done that that they would not put the rates in and we had to restore our rates.

Mr. MILLER. You seem to have studied the lumber question in its commercial as well as its transportation aspect, and you make the statement, I believe, that cypress doesn't compete with yellow pine?

Mr. GREEN. I did not say it did not compete at all with yellow pine. I said it didn't compete to any considerable extent with yellow pine.

Mr. MILLER. Do you know in what particulars or in what operations yellow pine and cypress are used commonly?

Mr. GREEN. I do not know of any; but I know there are certain things that yellow pine and cypress can be used for; anything that requires density——

Mr. MILLER. Don't you know there would be a much more extensive common use but for the difference in price?

Mr. GREEN. No; I do not know that.

Mr. MILLER. Don't you know the difference in price is governed very largely by the difference in freight rates?

Mr. GREEN. I presume it is. That would naturally be so.

Mr. MILLER. Do you know of any serious water competition with railway carriers in this particular territory?

Mr. GREEN. You mean as to the lumber business going from this territory to north of the Ohio River?

52** Mr. MILLER. Yes, sir.

Mr. GREEN. I certainly do.

Mr. MILLER. From what section?

Mr. GREEN. From anywhere on the Mississippi River.

Mr. MILLER. Actual, or potential, merely?

Mr. GREEN. Actual competition. I recall very distinctly that while I was at Birmingham, in charge, locally, of the line out to Greenville, there was loaded at Greenville a great deal of lumber, largely cottonwood, cypress, and lumber of that character, which was sent north by water, loaded in these covered barges. I have seen them loaded, and I tried particularly to secure a large sale in Chicago that I could not touch at a reduction of five cents per 100 pounds in rate. It went by water, and at that time, I think, the rates from Greenville to Chicago were only 17 cents. I am not certain about that.

Mr. MILLER. How did that cottonwood reach Chicago?

Mr. GREEN. It went to St. Louis, or East St. Louis, and was trans-

ported from there by rail. I might say this as to that difference between the rates on yellow-pine lumber and the rates on this cottonwood and cypress, that cottonwood and cypress originate largely on the river or its tributaries, and yellow pine does not so originate. Rates on cottonwood and cypress are fixed by actual water competition. It may be that there is some cypress or cottonwood that does originate in the interior, approximate to the yellow pine, and,
53** if so, the freight rates on that kind of lumber in the interior must be made in relation to the rates from points on the river, or it could not move.

Mr. MILLER. Mr. Green, you have filed a statement, I believe, in which you undertake to show the rates on lumber in various portions of the United States by different railways, in order to corroborate your statement that the rates on yellow-pine lumber are as low or lower than those on similar traffic elsewhere. What part of the country is covered by that statement you have submitted? I haven't seen it.

Mr. GREEN. Well, sir, we have got rates there from Virginia, from North Carolina, from Wisconsin, and the Pacific coast. There are quite a large number of points.

Mr. MILLER. You have taken the Pacific coast?

Mr. GREEN. On lumber that grows on the Pacific coast and comes to this territory, because, I think, it is admitted that those rates are for very long distances and are lower per mile than probably any others, but I am taking these rates for corresponding distances all over the country.

Mr. MILLER. Do those rates apply to places where there is an actual movement, or a movement of any appreciable extent?

Mr. GREEN. They apply between points where the rates on lumber are published, and I presume they don't publish rates on lumber unless there is a movement. Certainly as to many of the points there is an actual movement.

Mr. MILLER. Mr. Green, do the initial lines originating
54** these lumber shipments get any part of this new advance, so far as you know?

Mr. GREEN. So far as I know from Mississippi they do not, except in the information given yesterday.

Mr. MILLER. It's all absorbed by the intermediate lines south of the Ohio River?

Mr. GREEN. Yes; by the lines north of the junction points.

Mr. MILLER. What number of cars was it that you experimented on to show the return of 4 mills?

Mr. GREEN. The total movement during the month of March from points in Georgia, Florida, and Alabama, via the Southern Railway, amounted to 674 cars.

Mr. MILLER. What average distance?

Mr. GREEN. I don't recall, sir. We took the actual distance of each car moved.

Mr. MILLER. Well, the distance over there is very much greater to the points to which this lumber moved than from Meridian or Hattiesburg to Cairo?

Mr. GREEN. The average distance of the Southern Railway haul, you say, from Hattiesburg to Cairo?

Mr. MILLER. Yes; you make that 442 miles.

Mr. GREEN. Yes; the average haul of the Southern Railway on that lumber was greater than the haul from Meridian or Hattiesburg to Cairo. It is not greater, however, than the average haul of the Southern Railway on lumber from this territory to that territory.

55** Mr. MILLER. It is not?

Mr. GREEN. No, sir; and that is not a fair comparison with a haul through Cairo. This movement was through all the crossings where we handle the business, and therefore it was an average, and it is not proper to compare that with this short line to Cairo.

Mr. MILLER. What was the short-line mileage?

Mr. GREEN. It was the actual route traversed by each shipment.

Mr. MILLER. You haven't given a statement of what this road would earn, say from Hattiesburg to Cairo?

Mr. GREEN. It is in one of those papers.

Mr. MILLER. What would that make per ton per mile?

Mr. GREEN. I think about 7 mills.

Mr. MILLER. Now, in regard to export rates, those are all short distances, are they not?

Mr. GREEN. That statement was made to sustain the assertion I made in my evidence, that there is a large movement of lumber from this section to the Gulf ports, for export, and to near-by consuming points, the rates per ton per mile on which are higher than on the lumber that goes to this territory on and north of the Ohio River.

Mr. MILLER. What would you say, for comparison, say between Hattiesburg and Meridian, to some point of the southern territory in Georgia, the average distance from Georgia being 695 miles, is it not?

56** Mr. GREEN. Well, it is greater than from Hattiesburg.

Mr. MILLER. Is it not 695 miles to Cairo?

Mr. GREEN. I think it is about that. I would say this. In the first place, this adjustment of rates from the yellow-pine producing sections has been made practically without regard to distance——

Mr. MILLER. I am not enquiring about that.

Mr. GREEN. I am answering your question.

Mr. MILLER. And you are making an argument to justify your action.

Mr. GREEN. I am answering your question.

Mr. MILLER. I don't consider it so, but you can go on.

Mr. GREEN. In other words, it was made to meet commercial conditions. If you are going to readjust the rates on a distance basis, I should say that the rates from points in Georgia to Cairo should be higher than from points in this section to Cairo.

Mr. MILLER. Precisely; but actually it is the same.

Mr. GREEN. Yes.

Mr. MILLER. The distance is one-third greater, and the rate is the same.

Mr. GREEN. It is the same from all yellow-pine producing sections.

Mr. MILLER. And yet you say that the rate from Mississippi is as low, or lower, than from other sections of the country, distance and all other things considered?

57** Mr. GREEN. Yes; I said that, and I maintain it. I did not say there were no specific exceptions.

Mr. MILLER. Mr. Green, did you take any part in the readjustment induced by the lumber men in 1894, to which Mr. Enochs and Mr. Gardiner testified?

Mr. GREEN. No, sir.

Mr. MILLER. Do you know anything about the history of that reduction?

Mr. GREEN. You mean the reduction that took effect May 1st, 1894?

Mr. MILLER. Yes.

Mr. GREEN. I know nothing about it from personal contact with the situation at that time.

Mr. MILLER. Well, are you aware of anything that would make the argument read by Mr. Gardiner inapplicable to the situation and successful in producing that result?

Mr. GREEN. You mean the argument?

Mr. MILLER. Statement of facts and argument.

Mr. GREEN. Presented at the Nashville meeting?

Mr. MILLER. Yes.

Mr. GREEN. To be candid, I did not listen to that.

Mr. MILLER. You were otherwise engaged, I suppose?

Mr. GREEN. I went out.

Mr. MILLER. As a matter of fact, that 13-cent rate was in effect how long?

Mr. GREEN. From May 1st, 1894, until the 9th day of Sep-
58** tember, 1899.

Mr. MILLER. And then it was raised?

Mr. GREEN. Yes, sir; one cent. They advanced it north of the river January, 1900. That advance did not take effect simultaneously with the advance south of the river.

Mr. MILLER. Has that same instability you have undertaken to produce with regard to lumber rates been applied to other commodities in your territory?

Mr. GREEN. Yes, sir; the rates are changing every day on one thing or another. Take the important commodities. Take the iron rates; they have changed much more, even, than the lumber rates.

Mr. MILLER. Well, now, Mr. Green, during the time that this 14-cent rate was in operation was not the sole thought of the railway companies in the shape of improvements to their physical condition, their roadbeds, equipment, and everything else, all undertaken with the view of decreasing the cost of operation, making it more economical?

Mr. GREEN. A great deal of it was for that, and of course a great deal of it was for necessary improvements in order to take care of the increased business.

Mr. MILLER. Well, what was the result of all that? Has there been no diminution in the expenses of operation, outside of wages and advances in supplies?

Mr. GREEN. I cannot say what the diminution has or has not
59** been, growing out of improved facilities. The cost of transportation has certainly increased because of the increased prices of such commodities as lumber, coal, iron, and many other things which we have to purchase and which go to make up the cost of transportation, but there has been no diminution in the cost of operation outside of these improvements.

Mr. MILLER. I believe you and Mr. Culp both stated that when you found such a discrepancy between the gross earnings and the net earnings, a growing disproportion, you began to look around for some objects upon which you could advance your rates in order to overcome it. Isn't that the fact?

Mr. GREEN. Yes, sir.

Mr. MILLER. And you selected yellow-pine lumber as one of the things?

Mr. GREEN. Yes, sir.

Mr. MILLER. Well, now, as a matter of fact, in the statement you have produced showing the earnings, net and gross, of the Southern Railway, has there not been a steady increase; I mean an increased result every year?

Mr. GREEN. You mean an increase in the gross earnings?

Mr. MILLER. I mean to say in the amount of net earnings; not the proportions, but in the amount, for several years, including 1903?

Mr. GREEN. The statement speaks for itself.

Mr. MILLER. I know that, but I thought you might know without looking again.

60** Mr. GREEN. It shows an actual increase in net earnings, but that increase in net earnings was not in proportion to the increase in gross earnings, and was less, one year, than the preceding year. I think that last year it was 460, and the previous year, 880—something like that.

Mr. MILLER. As a railroad man, you consider a net income which would amount to 10 per cent per annum for dividends, and that resulted, notwithstanding a diminishing proportion between the gross and net income—in other words, resulted in consequence of the large increase in traffic, that you feel justified in putting additional burdens upon the shippers in order to increase the net result?

Mr. GREEN. If the Southern Railway was paying 10 per cent dividends on its preferred and common stock, I certainly would not think it necessary to make an advance in rates.

Mr. MILLER. That is what you are trying to work up to; what is your ultimate goal?

Mr. GREEN. Our whole object—the only thing I had in my mind in this matter, or that the traffic department of the Southern Railway had—was the fact that our cost of operation was steadily and substantially increasing, and we had to get some additional revenue in order to offset that increase. The question of whether we were paying dividends never entered into consideration.

Mr. MILLER. Still, the net earnings were increasing.

61** Mr. GREEN. The net earnings had been increasing, but, as I say, they were being wiped out; as a matter of fact, when this advance was announced in the month of February, the net earnings had decreased, for the eight months, $77,000.

Mr. MILLER. Is it not a fact that abnormal conditions obtained during the summer and fall of 1902 and into the early spring of 1903?

Mr. GREEN. What do you mean by abnormal conditions?

Mr. MILLER. I mean with respect to the handling of traffic.

Mr. GREEN. There was a very large increase in the volume of traffic.

Mr. MILLER. Which you were not prepared to handle?

Mr. GREEN. Well, we did handle it, but we were not prepared to

handle it all with facility and dispatch, any more than other lines. There was general congestion all over the country.

Mr. MILLER. Have you not improved the situation since, and has it not steadily improved?

Mr. GREEN. Trying to; yes, sir.

Mr. MILLER. That was only temporary, wasn't it?

Mr. GREEN. Well, it continued along for probably two years to a greater or less degree.

Mr. MILLER. It's all being straightened out?

Mr. GREEN. It's in a great deal better condition now.

62** Mr. MILLER. And notwithstanding the abnormal and congested condition of traffic, you still earned a net revenue exceeding the handsome earnings of the previous year?

Mr. GREEN. We did not have a handsome earning in the previous year. We have never earned more than 5 per cent on our preferred stock.

Mr. MILLER. We are not going to stop here to go into that line. I believe your statement shows what valuations are put on your property?

Mr. GREEN. There is a report showing that.

Mr. MILLER. When you stated awhile ago that yellow pine bore as low or a lower rate than other woods, did you mean that to embrace all varieties of woods that figure in railroad territory?

Mr. GREEN. I don't think I made that statement. I said that the rates on yellow pine from this territory to points on and north of the Ohio River, distance and transportation conditions considered, were as low as or lower than the rates from other points in the country.

Mr. MILLER. And that was where there was no competition?

Mr. GREEN. I said where the circumstances were similar.

Mr. MILLER. The absolute fact is that the rate on cypress and cottonwood is not so high?

Mr. GREEN. I gave reasons for that. The circumstances are very greatly different.

63** Mr. MILLER. You have undertaken to say, Mr. Green, what it cost these lumber people to equip a car in accordance with the requirements of your Master Car Builders' Association. Have you figured on that carefully, or do you only give your information derived from certain sources?

Mr. GREEN. I give my information.

Mr. MILLER. Where do you get that information?

Mr. GREEN. I get it from the investigations made by our tie and timber agent, who is acquainted with that kind of business, who took the lumber off of certain cars, measured it; and I got it, also, from personal advice from some of the lumber manufacturers themselves.

Mr. MILLER. Now, in what territory was that?

Mr. GREEN. None in this particular territory, because we haven't enquired here, but in Alabama and Georgia.

Mr. MILLER. We are dealing with this particular territory. If you take the lumber required by this rule, 12–13, of the Master Car Builders' Association and equip a car in accordance with those rules, do you know what it cost?

Mr. GREEN. I do not.

Mr. MILLER. Well, now, suppose the standard is a little more strict

over here, and that the railways do require a compliance with these rules, are you prepared to say what the cost is to the shipper?

Mr. GREEN. The standard is the same here as elsewhere.

64** Mr. MILLER. I understand, but suppose these railroads insisted on the standards and the shippers complied with them, are you prepared to say what it would cost?

Mr. GREEN. Not from personal knowledge; no, sir.

Mr. MILLER. You don't mean to oppose the information you have and the observations you have made to the statements of these gentlemen who testified here, do you?

Mr. GREEN. I certainly do mean to.

Mr. MILLER. You do mean to?

Mr. GREEN. Yes; as I have information from reliable sources.

Mr. MILLER. I understand; but in other sections of the country?

Mr. GREEN. Yes.

Mr. MILLER. Where these gentlemen are speaking of the same rigid rules are not applied?

Mr. GREEN. They are applied.

Mr. MILLER. Didn't I understand you to say that you had seen cars equipped with stuff that these rules wouldn't admit?

Mr. GREEN. I didn't say that; I said I have seen cars frequently equipped with standards that were not of high grade lumber. I saw those in Meridian, Mississippi, since this matter, this controversy.

Mr. MILLER. Don't the rules require high grade lumber?

Mr. GREEN. No, sir; the rules say must be straight grain lumber, and sound.

65** Mr. MILLER. You have undertaken to give the price paid by the Southern Railway for lumber within the past two or three years, with a statement showing the percentage of increase. I would like to ask you where those purchases were made?

Mr. GREEN. They were made all over our lines, some of them in Mississippi and some in Alabama, of yellow pine.

Mr. MILLER. Have you taken pains to find out whether or not this comparative statement embraces precisely the same character of lumber?

Mr. GREEN. I have taken pains to determine the fact that on all lumber of the same character the price has substantially advanced.

Mr. MILLER. Didn't you admit, in your examination in Atlanta, that the sort of stuff that you required for your purposes had been improved in the standard?

Mr. GREEN. I did not; and I don't understand that our standard has been raised during that period, but whether or not it has, I stated that the price of lumber of exactly the same grades and kind as formerly purchase showed marked advances.

Mr. MILLER. Well, now, within what period?

Mr. GREEN. In the period embraced, I think, from 1898 to 1903; each fiscal year.

Mr. MILLER. Now, how are the comparisons in the last year and a half?

66** Mr. GREEN. Well, they are higher.

Mr. MILLER. How much higher?

Mr. GREEN. The last fiscal year shows an increase of 71 cents a thousand. The previous fiscal year, I think, showed an increase of $2.88 a thousand.

Mr. MILLER. That was f. o. b., all of it, wasn't it?

Mr. GREEN. No, sir; those prices are invoice prices. Those figures are based on invoice prices.

Mr. MILLER. That is f. o. b.?

Mr. GREEN. F. o. b. at the mill; yes; I so understand.

Mr. MILLER. Well, now, the last comparison that you made, or the bill annexed to the last, where was that lumber bought?

Mr. GREEN. I couldn't tell you that.

Mr. MILLER. You don't know where any of that lumber was bought?

Mr. GREEN. I do know that some of it was bought in Mississippi, and I know some of it was bought in Alabama.

Mr. MILLER. I thought you knew where each invoice was bought?

Mr. GREEN. No, sir; I didn't personally examine the invoices.

Mr. MILLER. Unless you can tell us that this lumber was bought in Mississippi, then we have no means of meeting your statement.

Mr. GREEN. Of course all of it didn't come from Mississippi.

67** Mr. MILLER. Unless you can tell what invoices came from this territory we are at a disadvantage. We have no means of knowing whether the prices mentioned in the invoices apply to this territory or not.

Mr. GREEN. I only want to say that the prices of lumber purchased by the Southern Railway have increased. Whether we paid some individual mill in Mississippi a higher price I could not tell you personally, but I could get at it.

Mr. MILLER. But you couldn't get at it from this paper you brought here?

Mr. GREEN. No, sir. If the Commission thinks necessary to go into that I can get it.

Mr. MILLER. When you made this readjustment of 1894 and then made the advance in 1899, the reduction being to 13 cents and the advance to 14, with Cairo as a basing point, were you aware that the Arkansas roads, which you say figured in the situation or the result, were really getting from 2 to 4 cents a hundred pounds less than that rate which seems to have been concurred in by all the roads at those two times?

Mr. GREEN. I was not connected with the negotiations or with the advance which ocurred in May, 1894, nor was the Southern Railway in existence at that time. I had no knowledge of the tap-line matter, or that the lines west of the river were in anywise not maintaining tariff rates then or in 1899, or until very recently, when there

68** has been evidence of that kind introduced in connection with this case, in the case in St. Louis.

Mr. MILLER. When did you first ascertain that the Mobile and Ohio Railroad was allowing tap-line divisions to certain mills on its line?

Mr. GREEN. I don't know, exactly, but it is since this controversy began.

Mr. MILLER. Didn't know it when the Southern acquired the Mobile & Ohio?

Mr. GREEN. No, sir.

Mr. MILLER. Well, does that company publish a tariff?

Mr. GREEN. No, sir.

Mr. MILLER. Does it affect to rebate rates from points on these railroads—these logging railroads?

Mr. GREEN. I don't know. I have never seen them. It is not published in connection with our line, if there is a tariff.

Mr. MILLER. Do you know whether or not the Mobile & Ohio has ever felt itself able, out of its share of the 14-cent rate to Cairo or its proportion of the 14-cent rate to Cairo, to pay as much as 3 cents per 100 pounds to certain of its shippers down there?

Mr. GREEN. I do not.

Mr. MILLER. You know, as a matter of fact, now, that they do it?

69** Mr. GREEN. I don't know a thing about it in the world, except what I have heard in connection with this controversy.

Mr. MILLER. You have examined the return made by Mr. Hayden Miller to the auditor of the Commission?

Mr. GREEN. I certainly haven't. No opportunity to do so and no interest in doing so.

Mr. MILLER. Wouldn't that indicate a pretty liberal rate, one which would enable the initial carrier to pay the shipper as high as 3 cents per 100 pounds out of the rate it charges for logging service?

Mr. GREEN. I don't know that it would. These tap-line divisions were made—I assume they were made when the rate was 13 cents as well as when it was 14 and 15, and that is not a measure of liberality.

Mr. MILLER. Do you know of any such liberality being displayed by railroads to any other industries promoted on their lines?

Mr. GREEN. I can only speak as to the Southern Railway. I know we do not make tap-line allowances for the lumber industry, nor do we make such allowances for anybody else.

Mr. MILLER. The Southern could take that out to-morrow if it chose?

Mr. GREEN. I can't answer.

Mr. MILLER. Through its control of the Mobile & Ohio?

Mr. GREEN. I won't answer as to the matter of any contract the Mobile & Ohio has.

70** Mr. MILLER. But if it is of a favorable nature?

Mr. GREEN. Oh, that goes without saying.

Mr. MILLER. What about the advance made on cotton-seed products that you have testified to? Is that applicable to this territory also?

Mr. GREEN. Well, I don't remember now what all those advances were. They were stated specifically, however, in my testimony in the Georgia case.

Mr. MILLER. I understand; but did you advance the freight rate on all cotton-seed products in this territory?

Mr. GREEN. We made a certain advance in the rate on oil to the east.

Mr. MILLER. You said cotton-seed products. Did you mean any other product—on any other product besides oil, or did you advance the rate on oil?

Mr. GREEN. We advanced the rate on oil; yes.

Mr. MILLER. But on no other product of cotton seed?

Mr. GREEN. I don't recall whether the rate was advanced on cotton-seed meal or not; but I mentioned specifically what it was—cotton-seed products, except oil, to eastern points.

Mr. MILLER. Except oil?

Mr. GREEN. Yes, sir.

Mr. MILLER. What cotton-seed products move to eastern ports except oil?

71** Mr. GREEN. Cotton-seed meal and cake.

Mr. MILLER. To any extent?

Mr. GREEN. Yes, sir; there is a considerable movement to New England and New York City.

Mr. MILLER. Mr. Green, the exhibits that you filed with your testimony here this evening are the same exhibits that you filed in the Georgia case, are they not?

Mr. GREEN. Not exactly, sir, because the exhibits filed in the Georgia case were not brought up to the end of the fiscal year. These are practically the same, but they are all up to date.

Mr. GREEN. Practically the same figures?

Mr. GREEN. Yes, sir.

Mr. GREEN. And those were made with reference to the Georgia situation, were they not?

Mr. GREEN. No, sir; made with reference to both. These exhibits as to rates have also been enlarged.

Mr. GREEN. I notice in your testimony in Georgia that you spoke of the Southern Railway proper. That doesn't embrace the Mobile & Ohio, does it?

Mr. GREEN. No, sir.

Mr. GREEN. And the only part of your road that is in the State of Mississippi is the east and west road from Greenville over toward Birmingham, is it not?

Mr. GREEN. Yes, sir; except that we have a part of our Memphis division, which goes through the northern part of the State.

72** Mr. GREEN. That has nothing to do with your lumber carrying business?

Mr. GREEN. No, sir.

Mr. GREEN. Part of the old Memphis & Charleston?

Mr. GREEN. Yes, sir.

Mr. GREEN. So that the exhibits you got up in the Georgia case have no reference to the conditions in Mississippi at all, have they?

Mr. GREEN. The exhibits I filed in this case were made with reference to this case, and, while there is a similarity, they have been modified wherever it has been necessary to modify them and make them applicable to this case.

Mr. GREEN. Now, isn't it a fact that the Southern Railway in Mississippi and in the central yellow-pine territory hasn't any road on which lumber originates?

Mr. GREEN. Well, I believe you have mills in Alabama, haven't you? We have got a line in Alabama.

Mr. GREEN. Are they on your road?

Mr. GREEN. Yes, sir.

Mr. GREEN. What road?

Mr. GREEN. Our line down to Mobile. We have got a very important yellow-pine industry there.

Mr. GREEN. I don't know that we have any mills on that road.

Mr. GREEN. I think you have mills over in Alabama, and

73** then we have a line into Meridian, where we connect with the Northeastern line.

Mr. GREEN. The point I am getting at, is that in this central yellow-pine territory you haven't any road that originates lumber, and your road is an intermediate carrier, so far as your situation is concerned, of the lumber traffic of that territory?

Mr. GREEN. Except as to Alabama.

Mr. GREEN. Of course, if this association catches you also in Akabama, which I am informed it does not; but so far as Mississippi is concerned, and this Central Yellow Pine Association, you only get the divisions allowed to the intermediate carrier?

Mr. GREEN. That is true.

Mr. GREEN. And isn't it those divisions that you are seeking to increase by this rate?

Mr. GREEN. We are seeking to increase the revenues of the Southern Railway.

Mr. GREEN. But you are seeking to do that by increasing your proportion of the through rate which is paid to you as an intermediate carrier and not as an initial carrier?

Mr. GREEN. The increase, so far as we are concerned, on the lumber from Mississippi has accrued entirely to the lines north of the junction points; not to our line, but to our line connections.

74** Mr. GREEN. But if that be true, and as these divisions are matters of agreement, would not the same result be attained, if there is a deficiency or injustice in the amount of your divisions as an intermediate carrier, in the readjustment of this divisional agreement rather than by an increase of the burden upon the lumber producer?

Mr. GREEN. I don't know that it would. If your idea is that taking the divisions of the lumber rates and making such revision as would add 2 cents to the proportion of the Southern Railway and its connections—if that is your idea, of course the result to us would be the same as an advance in the total rate, but whether or not that would have left the division equitable is another question.

Mr. GREEN. But your individual complaint, so far as the Southern is concerned, is that your division isn't enough?

Mr. GREEN. No, sir.

Mr. GREEN. Isn't that the substance of it?

Mr. GREEN. No, sir; that is not it. Our complaint, or the reason we advanced the rate, had no respect to the particular division of any rate, but from the fact that on the lumber traffic as a whole we are not getting the revenue we thought the conditions warranted us in having.

Mr. GREEN. Isn't that the same?

Mr. GREEN. I suppose you might call it that.

75** Mr. GREEN. In your testimony in Atlanta in respect to *to* the exhibits as to your earnings, the question was there asked by Com'r Prouty as to whether you separated, in your statement, the operating expenses from freight earnings, and you stated that you did not. Is that correct?

Mr. GREEN. I don't recall that question, but the statement of earnings, that is in there as well as the other, and the annual reports are also on file with the Commission, giving all that information much better than I could give it.

Mr. GREEN. Referring to your testimony, Mr. Green, as there seems to be some doubt about it, the record, on page 573, reads:

"Mr. BAXTER. Have the net revenues of the Southern Railway Company rapidly or steadily increased the last few years?

"Mr. GREEN. They have not.

"Mr. BAXTER. Now, if you eliminate the detached lines from the Southern Railway in Kentucky and north of the Ohio River, and confine yourself to the Southern Railway system proper, what do the increased gross earnings for the eight months from July, 1902, to February, 1903, amount to?

"Mr. GREEN. I do not remember those figures, but I have them.

"Mr. BAXTER. Will that be shown by the exhibit you have heretofore filed, Mr. Green?

"Mr. GREEN. I think so; the exhibit of earnings.

"Mr. BAXTER. Yes, sir.

76** "Mr. GREEN. I do not recall whether that exact information is there or not. [Referring to exhibit.] The increase in gross earnings for the period of eight months from July, 1902, to February, 1903, of the Southern Railway system, omitting the detached lines in Kentucky and north of the Ohio River, amounted to $2,580,884.96.

"Mr. BAXTER. That was the increase in gross earnings?

"Mr. GREEN. Yes, sir; the net earnings decreased for the same period, $77,773.69.

"Com'r PROUTY. Do those statements cover the same mileage in both cases?

"Mr. GREEN. Yes, sir.

"Mr. BAXTER. State whether you compiled the statement now handed you [handing the statement to witness].

"Mr. GREEN. It was compiled and furnished me by our auditor.

"Mr. BAXTER. Please file it as an exhibit to your testimony.

"(The same is hereto annexed and marked 'Exhibit Q' to Mr. Green's testimony.)

"Mr. BAXTER. What does it show?

"Mr. GREEN. It shows the average earnings and expenses, interest, and rentals, and other deductions per mile of road of Southern Railway Company for fiscal years ending June 30, 1898, up to 1902, inclusive, and for the nine months ending March 31, 1902, and

77** the nine months ending March 31, 1903. It shows the gross earnings for each year, operating expenses and taxes for each year, the earnings less operating expenses and taxes, the interest, rentals, and other deductions, and the net balance for each year. It shows a decrease in the net balance since 1901.

"Com'r PROUTY. Does it show a decrease in your net results from operations?

"Mr. GREEN. Yes, sir.

"Com'r PROUTY. The net balance may be one thing, but looking merely to operating expenses, taking gross income from operation and expenses of operation, does that show an increase?

"Mr. GREEN. An increase in net results, but a decreasing increase. That is shown in the previous exhibit.

"Com'r PROUTY [referring to last exhibit]. Your earnings less operating expenses in 1898 were $1,365 a mile; in 1902 they were $1,611, an increase of $350 about. At the same time your net balance increased from $136 to $411, somewhat less than the other. You show an increase every year except the last year in the net balance.

"Mr. GREEN. Except the last two, I think.

"Com'r PROUTY. No; the net balance in 1900 was $412; in 1901, $460, and in 1902, $411. Now your earnings less operating expenses

show an increase every year. They show an increase from 1901 to 1902 of about $50.00 or $60.00 a mile.

"Mr. GREEN. A decrease in 1902.

78** "Com'r PROUTY. There is no decrease in your net earnings from operations?

"Mr. GREEN. No, sir; a very slight increase."

Mr. GREEN. Now is that true with reference to your exhibits, which I have not seen, which you have filed here?

Mr. GREEN. I have two statements, both of which I have brought up to a later date; in other words, up to the end of the fiscal year, and here is what they show, speaking of the net earnings, expenses, interest, rentals, etc., per mile of road. The net balance, per mile, in 1898, was $136.00. That is what Com'r Prouty spoke about. Now that increased each year until the year ending June 30th, 1901, when it reached $460 per mile of road. For the fiscal year ending June 30th, 1902, it went down to $411.00.

Mr. GREEN. Isn't that an increase over the previous year?

Mr. GREEN. No, sir; a decrease.

Mr. GREEN. A decrease in ratio?

Mr. GREEN. It's an actual decrease per mile of $49.00. Now for the fiscal year ending June 30th, 1903, it was $350.13.

Mr. GREEN. Now the question is by Com'r Prouty: "There is no decrease in your net earnings from operations?"

Mr. GREEN. Earnings, less operating expenses, which, in 1898, were $1,365.00. This increased until 1902, when it reached $1,611

79** in round figures, and that was the maximum. For the fiscal year ending June 30th, 1903, it went down to $1,094.00.

Mr. GREEN. Now, then, answering the question propounded by Com'r Prouty in the Georgia case with reference to this statement, there is no decrease in your net operations from net earnings?

Mr. GREEN. Why, yes; I have just shown you there is a decrease in this last fiscal year of $17.00 per mile of road.

Mr. GREEN. Now, then, you have run that down to the annual statement, have you, and your report?

Mr. GREEN. Yes, sir.

Mr. GREEN. I want to call your attention to the income account of the ninth annual report of the Southern Railway Company, page 1, and ask you whether it does not show that there was an increase of $886,260.98 in 1903, over 1902, or a gain of 8¾ per cent?

Mr. GREEN. The percentage is not worked out here, but is the amount of increase in income from all sources for that year.

Mr. GREEN. And it's an increase of 8¾ per cent, is it not?

Mr. GREEN. I don't know, sir: I have not figured it out.

Mr. GREEN. I think you will find that correct.

At 9.30 o'clock p. m. the Commission adjourned until 9 o'clock a. m., December 11th, 1903.

80** DECEMBER 11th, 1903—*9 a. m.*

Com'r PROUTY. Gentlemen, you may proceed.

Mr. GREEN resumed the stand.

Mr. GREEN. Mr. Green, at the adjourning hour we were considering the percentage of increase of the income account of the ninth annual report of the Southern Railway, and you desired to introduce

that report, by reference, in evidence. Mr. Green, in making up the statement here with reference to the earnings, expenses, etc., you have made it up with reference to the Southern Railway proper, as I understand, and not the Mobile & Ohio Railroad. That is a separate organization, and not included in your estimates?

Mr. GREEN. That is true. I have nothing to do with the Mobile & Ohio. Those figures relate entirely to the operations of the Southern Railway.

Mr. GREEN. Now, will you inform us how far it is from Meridian, over the Alabama & Great Southern and Cincinnati Southern, to Cincinnati?

Mr. GREEN. 631 miles.

Mr. GREEN. And how far from Cincinnati, over your route, to Louisville?

Mr. GREEN. Louisville? We don't use the route via Cincinnati to go to Louisville. We have a line that extends from Louisville down to——

Mr. GREEN. In other words, the point I want to get at,
81** is the distance by the Southern route proper, from Meridian, in routing into Cairo?

Mr. GREEN. We don't handle business by that route to Cairo.

Mr. GREEN. You do not?

Mr. GREEN. No.

Mr. GREEN. Then your estimates here of operating expenses do not include the cost per ton per mile for hauling lumber from the Mississippi district over the Mobile & Ohio into Cairo?

Mr. GREEN. I have made no estimate of the operating expenses relative to the cost per ton per mile of handling anything. What you mean is this: In my testimony I stated that the actual earnings, per ton per mile, to the Southern Railway, on the 674 cars of lumber handled in March was 4 mills. I stated repeatedly that that lumber originated in Florida, Georgia, and Alabama, and that none of it came from Mississippi.

Mr. GREEN. The inquiry is this, Mr. Green, that in the Georgia hearing, Mr. Culp testified that when they came to ascertain the relative amount of cost of operation during the year he found that it was something over 72 per cent, and that the average receipts per ton per mile of the Southern were 9½ mills, and that he calculated, therefore, that it averaged about 7 mills per ton per mile for operating expenses.

Mr. GREEN. What Mr. Culp meant by that, I presume, was
82** this, that the average revenue per ton per mile earned by the Southern Railway system as a whole, on all classes of traffic, for the fiscal year ending June 30th, 1903, was 9½ mills, and he stated that from his recollection, that the cost of operation was about 72 per cent of the gross earnings. I think, as a matter of fact, it was 73 and something. Now, assuming that it was 73—that is, 7.3 mills—that the rate earned was 4 mills per ton per mile on the lumber referred to, the latter would be 3.3 mills less than the average cost of operation.

Mr. GREEN. What I wanted to get at was this: That that applied to the whole line of the Southern Railway and not to the Mobile & Ohio division of it?

Mr. GREEN. Oh, no; he was not speaking of the Mobile & Ohio at all.

Mr. GREEN. Now, you could not say that the rate per ton per mile earned by the Mobile & Ohio branch of the Southern, which is the branch used in the lumber traffic from the Mississippi territory to Cairo, is as low as ½ a cent per ton per mile, or as low as 3 or 4 mills per ton per mile, could you?

Mr. GREEN. I could not say what the actual earning per ton per mile of the Mobile & Ohio on the lumber which it moves from the Mississippi territory to points on and north of the Ohio River is.

Mr. GREEN. Then, in as much as the road of your system, namely, the Mobile & Ohio, is the shortest route from the territory in
83** question to the Cairo basing points, shouldn't that be made the basis of the earnings per ton per mile on the lumber traffic?

Mr. GREEN. My object in showing the results of the traffic to the Southern Railway; the amount actually earned per ton per mile on this yellow pine lumber, was to refute the statement that it was a very profitable commodity, or more profitable than other southern products.

Com'r PROUTY. You haven't answered the question.

Mr. GREEN. I was speaking as to the Southern Railway, of course. Now, as to the lumber business from this section that is moved by the Mobile & Ohio to Cairo, the rate per ton per mile and the divisions are earned by that road and may or may not be more than 4 mills. I don't know.

Com'r PROUTY. Now then, therefore, your statistics in regard to the necessity of an increase in the rate per ton per mile on lumber have no relevancy to the Mobile & Ohio, which is the shortest route over which the lumber travels from this territory?

Mr. GREEN. I did not make any statement of a desire to increase the rate per ton per mile on lumber or anything else. My statement related to increasing the revenue. Of course, the exhibits put in the record by the Southern and the Mobile & Ohio are there to speak for themselves.

Com'r PROUTY. And do not the figures relate to lumber taken over the Alabama & Great Southern and the Cincinnati Southern?

84** Mr. GREEN. I didn't say I figured it over the Alabama & Great Southern. It was ourely a Southern Railway proposition.

Com'r PROUTY. Over what road out of Meridian do you take it?

Mr. GREEN. We use our own line out of Meridian.

Com'r PROUTY. Now, then, when you came to ascertain the cost of operating expenses, haven't you taken, out of Meridian, roads which cross the mountains and which are unable to haul a great amount of tonnage per train?

Mr. GREEN. I have not. I have simply dealt with the Southern Railway and with a specific movement to a specific territory.

Com'r PROUTY. Well, Mr. Green, isn't it a fact that you do calculate out of Meridian by your line to Chattanooga and via the Cincinnati Southern to Cincinnati, or do you cauculate over your line through Georgia, North Carolina, and Virginia in order to arrive at the operating expenses through a mountainous territory in which the load per train is comparatively small?

Mr. GREEN. Our line from Meridian to Chattanooga is not mountainous. We do not use the road through Georgia or North Carolina

in reaching the territory of the Central Traffic Association, and therefore that particular fact that it may be mountainous has no bearing on our other line.

85** Mr. GREEN. Now, on this traffic in this territory, you have answered that your rate *date* per ton per mile, which you estimate as something over 3 mills, was based on the whole Southern system. Now, is it not a fact that the Southern system, as a system, traverses mountain ranges in going east and in going north to Cincinnati?

Mr. GREEN. I beg your pardon, I didn't estimate anything of the kind. I said that the actual earnings per ton per mile on this particular lumber traffic which we handled in March over the Southern was 4 mills, and that that was 3.3 mills less than the average cost of operation.

Com'r PROUTY. Mr. Green, you were enquired whether, in determining the cost of operation you did not take the Southern system as a whole, and whether the Southern system as a whole does not traverse mountains and is therefore of a character which makes the cost of operation high?

Mr. GREEN. I did treat of the Southern Railway as a whole, and it is well known that over a part of our system we do traverse mountainous sections.

Com'r PROUTY. There don't seem to be any question about it, Mr. Green. Now, then, I will ask you to state as to the routing of this lumber from this section; the lines upon which it originates and those which carry it to destination.

Mr. GREEN. The lumber that originates on the New Orleans & Northeastern, which is our connection in this particular section of Mississippi, destined to points on and north of the Ohio River,

86** the short line to which is through Cairo, moves largely, if not altogether, via the Mobile & Ohio road as between the Mobile & Ohio and the Southern Railway. Lumber to the same territory, the short line to which is through Cincinnati or Louisville, moves largely, if not altogether, via the Alabama & Great Southern and its connections, the Cincinnati Southern and the Southern Railway in Kentucky, and the lumber to the territory in what is called the Pittsburg zone, moves north largely via the Southern Railway, through Rome, Cleveland, and Bristol in connection with the Norfolk & Western, so that the actual movement of the traffic is, as a rule, over the shortest available route, so far as the Southern Railway interests are concerned.

Mr. GREEN. I understand you, Mr. Green, to say that the only lumber destined for points north of the Ohio River from Mississippi, that you handle, originates where?

Mr. GREEN. The only lumber from this Mississippi section, or practically the only lumber that we handle, is from the New Orleans & Northeastern road.

Mr. GREEN. And do you handle lumber from the New Orleans & Northeastern road through Cincinnati?

Mr. GREEN. We do not; no, sir. That goes by the A. G. S. and the Cincinnati Southern, in which roads we have an interest.

Mr. GREEN. The Cincinnati Southern is really a part of your system?

Mr. GREEN. We control both of those lines; yes, sir.

Mr. GREEN. So that lumber from the New Orleans and
87** Northeastern, destined to points north of the Ohio River, is handled through Cincinnati by your line from Meridian?

Mr. GREEN. Yes, sir.

Com'r PROUTY. Now these lumber-producing sections seem to divide themselves into about three territories—the Georgia territory, the Alabama and Mississippi territory, and the territory west of the Mississippi River. Now what territory in Alabama is there in which the Southern originates shipments of yellow pine lumber?

Mr. GREEN. Between Birmingham and Anniston we have important lumber interests.

Mr. GREEN. You say between Birmingham and Anniston; just confine yourself to that. In what way does that lumber move to market?

Mr. GREEN. I haven't finished, Mr. Prouty. If you have a map before you—we have more important lumber interests south of Anniston, on the line going down to Mobile and Meridian, through Selma, particularly on the line between Selma and Mobile, where we have important long leaf yellow pine interests.

Com'r PROUTY. Do you originate a considerable quantity of yellow pine lumber on that line?

Mr. GREEN. Yes, sir. I have given the movement here, in one of these tables, for the period from April 15th to the end of August, and would be glad to bring that up to a later period if you desire.

88** Com'r PROUTY. How does the lumber, which the Southern originates, move to points north of the Ohio River

Mr. GREEN. It moves over our own rails through Chattanooga. There is some, however, to points based on Cairo, like St. Louis, that moves via the Mobile & Ohio. That is really the shorter route. Take a point like Jackson, Alabama, where there is quite an important yellow-pine business, they sometimes move it via the Mobile & Ohio through Cairo to St. Louis.

Com'r PROUTY. Now, considering the yellow pine which you originate on that section of your line, what would be a fair average point on which to figure the distance?

Mr. GREEN. I will work that out for you.

Com'r PROUTY. All right. Do you originate any lumber in Alabama except on the portions of your line that you have indicated?

Mr. GREEN. We don't originate any yellow pine of any importance. We have some hard woods.

Mr. BAXTER. Do you have in mind the old Mobile and Birmingham road?

Mr. GREEN. That is what I speak of.

Com'r PROUTY. Do you receive lumber which originates on any other line in Alabama, which you transport to points north of the Ohio?

Mr. GREEN. Not down near the Gulf, except some short lumber roads. We do further up in the State, where we get lumber
89** from Birmingham and Atlanta, east and west, and the Central of Georgia at Birmingham or at Hillsberg.

Com'r PROUTY. There is yellow-pine lumber in the northern part of Alabama?

Mr. GREEN. Yes, sir; and some on the river, but the majority up in

that part of the State is short leaf. We have a very important lumber enterprise at Rightor, north of Selma; large manufacturers of lumber, which is used for flooring and ceiling principally, and the majority of that product goes east.

Mr. GREEN. That section embraces country comparatively level and not interspersed with mountain ranges, does it not?

Mr. GREEN. I think it does; yes, sir.

Mr. GREEN. I note from the ninth annual report of the Southern it is stated the increase in income from other sources is chiefly due to dividends on the Mobile & Ohio Railroad Company's capital stock, owned and pledged the Southern Railway, and Mobile & Ohio stock certificates and other dividends, and from the income account from investments, and in Table 2 of the report it is recited that the dividends on the Mobile & Ohio Railroad Company's stock was $98,652.00. Do you know what basis per ton per mile the cost of operation of the Mobile & Ohio Railroad Company is based on? In other words, what is the average mean cost of transporting a ton per mile on the Mobile & Ohio Railroad?

Mr. GREEN. I have no idea.

90** Mr. GREEN. You have no idea, then, as to whether they could afford to carry it at the rate that they are now charging, or not—lumber, I mean

Mr. GREEN. I am not competent to speak of the Mobile & Ohio road.

Mr. GREEN. Now, touching the freight traffic of the Southern Railway for 1902 and 1903, we find as to the freight traffic that as to the number of tons carried there was an increase of 13.59 per cent in the number of tons carried or hauled, an increase of 10.2 per cent average distance hauled per ton, a decrease of 3.15 per cent, and that the total freight earnings increased 11.67 per cent. That the average receipts per ton per mile increased 1.50 per cent. Freight-train earnings per mile of road increased 8.57 per cent, and freight-train earnings per train mile 9.1 per cent. Now, is it not a fact that this report shows there has been a substantial increase in the freight earnings and receipts over the preceding year, and that the freight decrease is in the percentage of distance hauled?

Mr. GREEN. There is no question about the*ir* being a substantial increase in the gross earnings of the Southern Railway and a larger increase in proportion in the cost of operation.

Mr. GREEN. Now, then, turning to net earnings from operations, we find that there was an increase over 1902 of 4.34 per cent, was there not?

91** Mr. GREEN. If the report says so, it was.

Mr. GREEN. Do you recollect what the increase of net earnings from operations was from 1901 to 1902?

Mr. GREEN. No, sir; I do not, but I would be very glad to give it to you if you want it.

Mr. GREEN. Have you it there convenient, Mr. Green?

Mr. GREEN. I have not, but I can give it to the secretary.

Mr. GREEN. This report recites that, "while the increase in gross earnings is large, it could have been exceeded if the equipment and yard and shop facilities had been equal to the demands upon them, and the net results could have been much improved if the transportation had been under normal instead of congested conditions. It is confidently believed that with the improvements now in progress

much better operating results will be obtained." I read from the ninth annual report of the Southern. Now, that says, Mr. Green, that the company in its annual report, attributed the falling off of their net earnings to an abnormal congested condition, does it not?

Mr. GREEN. It certainly does not.

Mr. GREEN. I should say decrease in net earnings?

Mr. GREEN. It certainly does not.

Com'r PROUTY. Do you say from your knowledge of the situation that those statements in the report are correct?

92** Mr. GREEN. There is no question about that, but it does not show the conclusions reached by counsel. It merely shows that these congested conditions contributed to increase the cost of operation, which we readily admit. It says that because we could not get sufficient equipment, or did not have sufficient facilities to take care of the increased volume of business, we did not handle the business which we otherwise would have handled. It does not, I believe, attempt to say, explaining the increase in the cost of operating or decrease in net earnings, that those results were due to those causes; that is, as to increase in cost of operation, as that, we believe, is due entirely to the increase in the prices of those things which go into the cost of railroads.

Mr. GREEN. Of course the report will speak for itself.

Mr. GREEN. Certainly.

Mr. GREEN. In the Georgia hearing, did not you and Mr. Culp say you discovered there was a decreasing ratio in 1902 to 1903 between the net earnings growing out of the operating expenses, and that you looked around to see upon what commodity of traffic that could be put upon, and that you concluded to put it upon lumber; or words to that effect?

Mr. GREEN. I think possibly Mr. Culp and Mr. Powell testified to something of that kind, excepting that they did not say they looked around and concluded to put it on lumber alone They

93** selected lumber, among other commodities, on which to increase the rates.

Mr. GREEN. Mr. Green, as a traffic man, is there any estimating, practically, the amount of revenue that would be lost by the congested condition that existed in the traffic in the winter of 1902–03?

Mr. GREEN. As a traffic man, I would not be competent to make any such calculation as an operating problem.

Mr. GREEN. Could you say that this decrease of which you speak and the increase in operating expenses was not imputable to the congestion of your traffic and the inability of the road to utilize its resources in earning revenue?

Mr. GREEN. I could say most emphatically it was not entirely attributable to that.

Mr. GREEN. Being unable, as you state, to estimate the quantum of loss by reason of this congested condition, how are you able to say it was not due entirely to that?

Mr. GREEN. Because there were other factors which make up that increased expense of operation, which can be determined.

Mr. GREEN. What are they?

Mr. GREEN. I might say, for example, the increased price of lumber and coal and everything else we have had to purchase, and that is a known quantity.

Mr. GREEN. But if you had had facilities for transporta-
94** tion, are you prepared to say that your earnings would not have increased in such proportion as would have more than taken care of the increased operating expenses?

Mr. GREEN. Well, anything I might say as to what increase would have taken place in the earnings would be purely speculation.

Mr. GREEN. Then you can't answer the question?

Mr. GREEN. I don't know what your question is.

Mr. GREEN. My question is as to accounting for this deficiency you describe as a reason for putting in this increased rate, and the question is if you had used your road to its utmost earning capacity during the winter of 1902–03, can you say that your increased revenue would not have been more than able to have taken care of any increase in the operating expenses by reason of the increase in price of labor, coal, etc.?

Mr. GREEN. We did use our road to its utmost capacity. We were not able to increase that capacity sufficient to take care of the increased tonnage. What the result might have been had we been able to do that, I can't say.

Mr. GREEN. Don't your own reports here show that you could not do that?

Mr. GREEN. Couldn't do what?

Mr. GREEN. Couldn't use your road to its utmost capacity?

Mr. GREEN. I think the report shows we did use it beyond its capacity.

Mr. GREEN. In other words, there were no abnormal con-
95** ditions?

Com'r PROUTY. Why not leave it on the record and let it speak for itself?

Mr. GREEN. He has testified to certain causes for the increase in operating expenses, and I wanted to test his knowledge. We desire to show that his evidence in that respect is merely speculation and not a certain guide upon which a judgment can be based.

Mr. GREEN. Mr. Green, in the Georgia hearing, did you make the following answers to the following questions? I read from the record, page 616:

"Com'r PROUTY. You could not advance your rate unless the Arkansas rate was advanced.

"Mr. GREEN. No, sir. We could do it, but probably would not.

"Com'r PROUTY. Mr. Culp said your rate was made to meet the Arkansas competition and must be the same as the Arkansas rate?

"Mr. GREEN. Yes, sir.

"Com'r PROUTY. Then why do you say you never made any attempt, although you were present at these conferences, to secure an advance of the Arkansas rate?

"Mr. GREEN. I was not present at any of the conferences referred to.

"Com'r PROUTY. I am talking about your line.

"Mr. GREEN. Our company was represented, and while we
96** did discuss the question with the Arkansas lines as to the feasibility and practicability of making an advance, we did not urge them to make the advance, so far as I know."

Mr. GREEN. Is that correct?

Mr. GREEN. Yes, sir.

"Com'r PROUTY. You simply told them you would if they did?

"Mr. GREEN. Yes, sir."

Mr. GREEN. Is that correct?

Mr. GREEN. Yes, sir.

Mr. GREEN. On pages 651–2 of the evidence taken in Atlanta, these questions were propounded and answered:

"Mr. BOATRIGHT. During the period here referred to, from 1898 to 1902, is it not a fact that the Southern Railway has been, at frequent intervals, taking on other railway properties and operating them as the Southern Railway?

"Mr. GREEN. Yes, sir.

"Mr. BOATRIGHT. Have those properties usually, when taken, been pretty thoroughly run down and dilapidated?

"Mr. GREEN. Some of them have.

"Mr. BOATRIGHT. And the expense of repairing them and putting them into condition for business largely charged to operation?

"Mr. GREEN. It probably has. That has no bearing on this statement. The increase here, namely, $127,000, is based purely on the difference in price per thousand feet."

97** Mr. GREEN. Those answers are correct, are they?

Mr. GREEN. I think so.

Mr. GREEN. Now, turning to the ninth annual report of the Southern Railway, under the head of "Maintenance of equipment," we find the charges to maintain equipment during the year were $6,916,823.22, as compared with similar charges during the preceding year of $5,669,421.65, an increase of $1,247,401.57, or 22 per cent, and the principal increases and decreases are as follows: Repairs and renewals of locomotives, increase, $970,420.08, or 50¾ per cent; repairs and renewals of passenger-train cars, $79,968.01, or 68 per cent; repairs and renewals of foreign freight cars, $43,060.94, etc. Now, to what, other than the reequipment of these rundown roads that the Southern was acquiring, is this extra expense for maintenance of equipment in the way of repairs to locomotives, etc., due?

Mr. GREEN. I can not give you any information about that.

Com'r PROUTY. Does that report, Mr. Green, show the expenditures for the purchase of new locomotives in addition to these, or are all their purchases of locomotives embraced in that item?

Mr. GREEN. The number of locomotives on hand June 30th, 1903, 1,026, as compared with 937 on hand June 30th, 1902, an increase of 89. During the year we purchased passenger locomotives, 13; freight, 70; switch, 4, or a total of 87.

98** Com'r PROUTY. Now, my question is as to whether the cost of those locomotives is embraced in this item of maintenance of equipment.

Mr. GREEN. No, sir. I will say in regard to the matter of locomotives, as to maintenance of equipment, that if we have a locomotive which we wear out and destroy we replace it with a new one, and that is charged up to maintenance of equipment.

Com'r PROUTY. You stated that during the year you purchased so many passenger, freight, and switch engines, and now my question is this: Is the cost of those locomotives embraced in the item of maintenance of equipment?

Mr. GREEN. I will have to answer that question later.

Com'r PROUTY. You don't know?

Mr. GREEN. No, sir; I don't.

Mr. GREEN. The report will answer your honor's questions, I think.

Mr. GREEN (to the witness). Mr. Green, do you know whether or not the Mobile & Ohio, as the property of the Southern Railway, has proven a profitable investment?

Mr. GREEN. To the Southern Railway?

Mr. GREEN. Yes, sir.

Mr. GREEN. I don't know anything about the operations of the Mobile & Ohio.

Mr. GREEN. It's a question as to whether it is money making or not.

Mr. GREEN. It's a question of accounts

99** Com'r PROUTY. Of course you have the right to examine Mr. Green on these matters, because he has been put forward by the other side, but in the nature of things a person in his position, unless he has made a special study of them, can not know these things.

Mr. GREEN. If I understand Mr. Green's position in respect to this road, he is the general traffic man; at least we have always understood he was, and he seems to be thoroughly familiar with all the business. I say this outside of the record, as an excuse for my questions.

Mr. MILLER. It seems to me that, as he is so familiar with the outlays, he ought to know something about the income.

Com'r PROUTY. I presume he will answer where it is possible for him to do so.

Mr. GREEN. I am not competent to answer questions of detail as to accounts.

Mr. GREEN. I don't want to know about detailed accounts. I want to know whether you, as the traffic man of the Southern Railway, having under its jurisdiction as part of its system the Mobile & Ohio—whether that road is a profitable road to the system.

Mr. GREEN. As I have stated to you before, I have absolutely nothing to do with the Mobile & Ohio Railroad as traffic man.

Com'r PROUTY. Mr. Green, these figures which you put in

100** with reference to the financial operations of the Southern Railway were simply compiled and furnished you by some official?

Mr. GREEN. By the auditor; yes, sir.

Com'r PROUTY. You don't know anything about the correctness of the items which enter into them, as of your own knowledge?

Mr. GREEN. Certainly not.

Mr. GREEN. Mr. Green, you undertook to figure the profits of Eastman, Gardiner & Co. upon their investment in their mill. Do you know how much money, other than the original capital stock, in the way of surplus, borrowed capital, Eastman, Gardiner & Co. have invested in their business?

Mr. GREEN. I understood Mr. Gardiner to say they had $600,000 invested.

Mr. GREEN. You understood him to say they had $600,000 invested, did you?

Mr. GREEN. Yes; I understood him to say that that was their investment.

Mr. GREEN. In other words, you just drew these deductions from what you understood Mr. Gardiner to say, without knowing anything about the matter yourself?

Mr. GREEN. Why, yes; I said that was based on Mr. Gardiner's own statement.

Mr. GREEN. You don't know how much surplus or other capital they put in the business outside of the $400,000 originally invested?

101** Mr. GREEN. I don't know anything more about Mr. Gardiner's business than I have heard him testify to here.

Mr. CATCHINGS. Mr. Green, some of the points of destination of lumber shipments are nearer to Cincinnati and Louisville than they are to Cairo, I suppose?

Mr. GREEN. Yes, sir.

Mr. CATCHINGS. I would like to ask you if the shippers of lumber get the benefit in the movement of their lumber of the shortest line—that is to say, lumber destined to points nearest Cairo is not taken by the Southern. That goes over the Mobile & Ohio. Is that correct?

Mr. GREEN. Yes, sir.

Mr. CATCHINGS. And lumber destined to points more contiguous to Cincinnati does not go over the Mobile & Ohio?

Mr. GREEN. No, sir; I don't know that the Mobile & Ohio does compete for that traffic. The Northeastern divides that traffic, practically, to that territory, and that which goes to points on and north of the Ohio River, the shortest routing to which is through Cairo, moves to Cairo.

Mr. CATCHINGS. So there is nothing artificial in the movement of this lumber?

Mr. GREEN. Nothing at all.

Mr. CATCHINGS. It takes the natural short-line route?

Mr. GREEN. Yes, sir; as a rule.

Mr. CATCHINGS. When did the Southern acquire the stock of the Mobile & Ohio? It was about February, 1901, wasn't it?

102** Mr. GREEN. I think it was.

Mr. CATCHINGS. Are you familiar with the movement of lumber prior to that time?

Mr. GREEN. Yes, sir.

Mr. CATCHINGS. I would like to ask you whether the acquisition by the Southern of the stock of the Mobile & Ohio has resulted in diverting any traffic which properly belonged to the Mobile & Ohio to the Southern?

Mr. GREEN. Not a pound.

Mr. CATCHINGS. I would ask you if lumber doesn't move now just as it did prior to the acquisition of that stock?

Mr. GREEN. It does.

Mr. CATCHINGS. The Mobile & Ohio is operated, as I understand, separately and independently?

Mr. GREEN. It is.

Mr. CATCHINGS. I think you stated more than once that the traffic department of the Mobile & Ohio was wholly independent of the traffic department with which you are connected?

Mr. GREEN. Yes, sir.

Mr. CATCHINGS. By what route, Mr. Green, does the greater quantity of lumber move from points in the central traffic territory, to which the short line is through Cairo?

Mr. GREEN. Over the Mobile & Ohio—that is, for that lumber for which the Mobile & Ohio and the Southern Railway would compete.

Mr. CATCHINGS. Now, by what route does lumber move from
103** points in the territory referred to, in which the shortest route would be to Louisville and Cincinnati?

Mr. GREEN. It moves generally through Louisville and Cincinnati over the A. G. S. and its connection, the Cincinnati Southern, to Cincinnati, and over the Cincinnati Southern and the Southern Railway to Louisville.

Mr. CATCHINGS. To what extent does the Southern Railway via its line through Meridian to Rome and Chattanooga compete for lumber from the Northeastern to points on and north of the Ohio River, based on Cairo, Louisville, or Cincinnati?

Mr. GREEN. Not to any extent on any lumber based on Cairo; to some extent on lumber based on Cincinnati, and that lumber we handle goes through the Norfolk & Western.

Mr. CATCHINGS. To what territory, generally considered, does lumber from New Orleans & Northeastern stations move over the Southern Railway, and by what route?

Mr. GREEN. To the territory in and east of Buffalo, Pittsburg, etc., via our line through Rome, Cleveland, Bristol, Conover, Hagerstown.

Mr. CATCHINGS. I understand you to say that the fact that the Southern has acquired the stock of the Mobile & Ohio has not created any artificial movement of traffic?

Mr. GREEN. It has not,

Mr. CATCHINGS. That traffic which naturally belongs to the Mobile & Ohio it still has, and the traffic which naturally belongs to the Southern it still takes?

104** Mr. GREEN. Yes, sir.

Mr. CATCHINGS. Do you know what proportion is received by the Mobile & Ohio out of the 16-cent rate to Cairo?

Mr. GREEN. The Northeastern gets 6 cents, there is a bridge toll of 2 cents, leaving the net proportion of the Mobile & Ohio 8 cents, Meridian to Cairo, or East Cairo, the south bank of the river.

Mr. CATCHINGS. Based on that proportion, can you state what the per ton per mile rate earned by the Mobile & Ohio is?

Mr. GREEN. The distance from Meridian to the south bank of the river, or Cairo, is 355 miles. Based on 8 cents per 100 pounds, or $1.60 a ton, that would yield the Mobile & Ohio 4.5 mills.

Com'r PROUTY. I suppose the Mobile & Ohio makes something out of that or they wouldn't take it at that price?

Mr. GREEN. I presume there is some profit in that, but I can't tell.

Mr. CATCHINGS. What proportion does the A. G. S. and its connections get out of the 23-cent rate to Cincinnati?

Mr. GREEN. 17 cents from Meridian.

Mr. CATCHINGS. What would that be per ton per mile, Mr. Green?

Mr. GREEN. The distance from Meridian to Cincinnati being 631 miles, would make it about 5.4 mills.

Mr. CATCHINGS. What is the short-line distance Meridian to Cincinnati?

105** Mr. GREEN. 631 miles.

Mr. CATCHINGS. What is the distance to Louisville?

Mr. GREEN. Practically the same.

Mr. CATCHINGS. The Southern takes over its own line, as I understand you to state, all lumber destined for the eastern territory?

Mr. GREEN. Well, we don't get it all, because we have competition for that business; but we get a good share of it. It's a question of solicitation, largely. They deliver us that lumber at Chattanooga.

Mr. CATCHINGS. But none of that lumber could be taken via the Mobile & Ohio?

Mr. GREEN. It could be taken that way; but I doubt if it could be done on a profitable basis.

Mr. CATCHINGS. I will put the question this way: The natural route for that would not be over the Mobile & Ohio?

Mr. GREEN. No, sir.

Mr. CATCHINGS. If it did go it would be an artificial movement?

Mr. GREEN. I don't know that I am prepared to state that, because they have got connections from Cairo to the East, reaching that entire territory east of the Buffalo and Pittsburgh zone; but I don't understand that the Mobile & Ohio really does undertake to handle business that way.

106** Mr. CATCHINGS. So far as the shippers are concerned, Mr. Green, does it make any difference to them, in the way of cost, which route the lumber takes?

Mr. GREEN. Not at all. The rate is the same by any route.

Mr. CATCHINGS. The advance that we are considering in rates became effective April 15th, 1903, according to the testimony?

Mr. GREEN. That is true as to Mississippi; yes, sir.

Mr. CATCHINGS. But the rates west of the river did not become effective then?

Mr. GREEN. Yes; the rates west of the river became effective the same day.

Mr. CATCHINGS. Were they not taken off afterwards?

Mr. GREEN. They were reduced again; effective May 11th, because of a misunderstanding on the part of the western lines in regard to the order of Judge Niles.

Mr. CATCHINGS. The rates from Georgia and Alabama did not become effective by reason of the injunction sued out?

Mr. GREEN. I think that is true.

Mr. CATCHINGS. They were not actually tried until June 22nd?

Mr. GREEN. They were not. Rates from points west of the Mississippi were finally restored; effective August 15th.

Mr. CATCHINGS. West of the Mississippi?

Mr. GREEN. Yes.

107** Mr. CATCHINGS. From April 15th to June 22nd rates from Mississippi points were 2 cents higher than rates from some of the points in Georgia and Alabama?

Mr. GREEN. That is true.

Mr. CATCHINGS. And from May 11th to August 15th they were 2 cents higher than from points west of the river?

Mr. GREEN. That is true—that is, from points in Arkansas.

Mr. CATCHINGS. During this period, when the rates from Mississippi were higher than the rates from points in Georgia and Alabama, of course the consumer would purchase where he could get the cheapest rate, and thus place the Mississippi man at a disadvantage?

Mr. GREEN. Naturally, if the consumer was purchasing f. o. b. at the mill, the quality of the lumber being equal, he would buy at the mill where the rate was cheapest. I presume the manufacturer sell-

ing lumber over there delivered at the mill would naturally have to observe that difference during that period.

Mr. CATCHINGS. Now, the rate effective all over this whole territory—Georgia, Alabama, Florida, Mississippi, and Arkansas—what disadvantage is the Mississippi shipper under?

Mr. GREEN. They would have been under no disadvantage so far as the published rates were concerned, nor do I think there would be any difficulty in adding the advance in rate to the price of their lumber.

Mr. CATCHINGS. If there had been uniform rates?

Mr. GREEN. If uniform rates had been finally maintained.

Mr. CATCHINGS. A good deal was said, Mr. Green, about
108** these conferences. I don't care to take up time by going over it, but I will ask you this question, which you can answer. Was anything said or done at each of these conferences, no matter where they may have been held, which had any contractual element or binding obligation on any of the parties attending any of the conferences?

Mr. GREEN. Absolutely nothing at any that I have ever attended.

Mr. CATCHINGS. There was simply a discussion. Isn't it customary, Mr. Green, for not only railroads, but all persons engaged in the same kind of business, to confer with each other in order, as far as possible, to secure some uniformity of conduct, whether by contract or not?

Mr. GREEN. That is my understanding and observation.

Mr. CATCHINGS. It is not peculiar to railroads?

Mr. GREEN. No, sir.

Mr. CATCHINGS. Something was said, I think, during Mr. Washburn's testimony—perhaps Com'r Prouty asked the question—if he had in mind any instance in which any road attending these conferences afterwards declined to act in unison with the others. Can you give any such instance?

Com'r PROUTY. That wasn't the question. The question was this, whether he had in mind any instance where the representative of a road had stated at the conference that he would do a certain thing, and which he afterwards declined to do.

109** Mr. CATCHINGS. You can answer it in that form.

Mr. GREEN. I should say that is a frequent occurrence. I recall at the moment one question of particular importance, involving advances in the rates on coal where, at the conference, each of the coal-carrying roads indicated its intention to make such advance——

Com'r PROUTY. Now, just name the roads.

Mr. GREEN. Well, sir, the coal-carrying roads in this section.

Com'r PROUTY. I want you to name the roads which participated in this particular conference, and tell us what traffic was under consideration.

Mr. GREEN. It was coal traffic.

Com'r PROUTY. Between what points?

Mr. GREEN. From the Tennessee and Alabama district to certain points in the Southeast; I don't recall them all, but such points as Atlanta, Augusta, Rome, and the coal-carrying lines are the Southern Railway, the Cincinnati Southern, the Tennessee Central, the Nashville, Chattanooga and St. Louis, and the Central of Georgia. The Kansas City, Memphis and Birmingham (part of the Frisco), the Louisville & Nashville, and the Alabama Great Southern.

Com'r PROUTY. Those lines are all interested in that traffic?

Mr. GREEN. Yes, sir; all originating coal lines.

110** Com'r PROUTY. And they were all represented at this conference?

Yes, sir.

Com'r PROUTY. Where was that conference held?

Mr. GREEN. The conference was at Memphis.

Com'r PROUTY. Who kept the minutes of the conference?

Mr. GREEN. I don't recall, sir. I think Mr. Neal was the chairman of the conference. And subsequent to that conference, certainly one of the lines, I think probably the N. C. & St. L., declined to make the advance effective.

Com'r PROUTY. Well, now, had every line at the conference stated that it would participate in the advance?

Mr. GREEN. It had; yes, sir.

Com'r PROUTY. As the result of that conference—were you present at that conference?

Mr. GREEN. No, sir; I was not.

Com'r PROUTY. How do you know, then, that all the roads represented at that conference had agreed to make the rate effective?

Mr. GREEN. I didn't say they had agreed to make it effective.

Com'r PROUTY. Well, following out the metaphysical distinction which exists in your mind that they had announced that they would make it effective, from whom did you learn that?

Mr. GREEN. Mr. Neal, general freight agent of our road, was present at the conference.

111** Com'r PROUTY. All you know about it is what Mr. Neal told you?

Mr. GREEN. Yes, sir; I do not know but the secretary announced that this road had declined.

Com'r PROUTY. I want you to give me some instance where you know yourself where a road stated at one of these conferences that it would make a rate effective and afterwards declined to do so.

Mr. GREEN. I can give you such instances; I don't recall them just now.

Com'r PROUTY. Don't recall them now. Let me ask you what you would think of a man who would do that? What would you say about him in your own mind?

Mr. GREEN. I would think he was all right. If, after further investigation, he thought it was to the interest of his line and the shippers on his line not to make the advance, I think he had a perfect right to so indicate, and he was not obligated to do otherwise. We exercise that option. As I recall, in this particular case one of the lines declined to make the rate effective after first concluding to do so.

Com'r PROUTY. In what particular case?

Mr. GREEN. This particular lumber case.

Com'r PROUTY. Which line was that?

Mr. GREEN. I think that was the Louisville & Nashville.

Mr. GREEN. The L. & N. postponed the operation in their territory?

112** Mr. GREEN. Well, we all did.

Mr. CATCHINGS. I understood you this morning, Mr. Green, to say that you made this estimate of revenue of 4 mills on the 674 cars simply for the purpose of showing that the allegation in the

complaint before the Commission, that lumber was an extremely profitable commodity, was not true?

Mr. GREEN. Yes, sir; that was not an estimate; it was the actual earnings paid. That was the purpose of making the statement; yes, sir.

Mr. CATCHINGS. Now, from the actual condition, do you say now that lumber is not a special profitable commodity to haul?

Mr. GREEN. It certainly is not to the territory involved in this controversy.

Mr. CATCHINGS. Cypress does compete in many instances with pine flooring, sashes, doors, etc. What is the quantity of cypress given, as compared with the output of yellow pine?

Mr. GREEN. We handle very little cypress. My general information is that there is very little less cypress that yellow pine.

Mr. CATCHINGS. Cypress grows in what are called "brakes," does it not?

Mr. GREEN. I think so.

Mr. CATCHINGS. The haul of cypress is infinitesimal, as compared with the haul of yellow pine?

113** Mr. GREEN. I think that is true.

Mr. CATCHINGS. So that cypress is not a substantial competitor with yellow pine?

Mr. GREEN. I think that is true.

Mr. CATCHINGS. And it is true, as you stated, that cypress does have to meet water rates?

Mr. GREEN. Yes, sir; there is no doubt about that.

Mr. CATCHINGS. So that, as a railroad man, you testify that the conditions under which cypress is handled are different from the conditions under which yellow pine is handled?

Mr. GREEN. Yes, sir.

Mr. CATCHINGS. And therefore this must be taken into consideration in fixing the rate on it?

Mr. GREEN. Yes.

Mr. CATCHINGS. I understand you to say that cottonwood does not compete at all with pine?

Mr. GREEN. I don't understand there is any competition between cottonwood and yellow pine, unless it might be some low grades of yellow pine used for packing boxes.

Mr. CATCHINGS. Do you remember that on some occasion there was an agreement or a conclusion, whichever it may be called, at one of these conferences looking to an advance in the rate on fertilizers?

Mr. GREEN. Yes; I started to speak of that case, and Mr.

114** Prouty asked me some question which threw it off of my mind. That is a recent occurrence, and I did attend some of the conferences, but not all of them. There were three or four conferences at different times about a general readjustment of the fertilizer rate from the Ohio River crossings and the Virginia and South Atlantic ports to the interior South, and then from the distributing points in the South, and that readjustment involved some advances and some reductions, and it reached a stage where we actually issued the rates, effective November 17th, and it was understood that everybody was going to issue the rates; we certainly understood it that way; everybody interested had announced their intention to do so, and subsequent to that some of the lines, I think probably three of them, as I now

recall—the N. C. & St. L., the Seaboard Air Line, and the Atlantic coast Line—notified us they would not make the rates effective, so that we were then, after that, compelled to withdraw our tariffs, and during the time we had it in, from November 17th until the time we withdrew it, we were carrying higher rates than some of the competing lines.

Com'r PROUTY. Where was that conference held?

Mr. GREEN. There were several conferences I attended, some held in Atlanta, at the Piedmont Hotel.

Com'r PROUTY. Who kept the minutes of those conferences?

Mr. GREEN. There were no minutes, excepting merely the
115** rates that were checked in. Each line checked in for its own information, the revised rates.

Com'r PROUTY. Was that traffic competitive traffic?

Mr. GREEN. Yes, sir; to a very large extent. In fact, I might say it was all competitive, either marketly or commercially competitive.

Com'r PROUTY. You were present at those conferences?

Mr. GREEN. I was present at two of them, at least.

Com'r PROUTY. Were you present at the conference when the understanding was finally arrived at?

Mr. GREEN. Yes, sir.

Com'r PROUUTY. Who represented the Seaboard Air Line?

Mr. GREEN. The general freight agent.

Com'r PROUTY. What announcement did he make as to the purpose of his company?

Mr. GREEN. The announcement was made by each of the lines interested that they would make the advance.

Com'r PROUTY. You say he didn't agree to do it, but he announced he would do it?

Mr. GREEN. Yes.

Com'r PROUTY. Suppose he had agreed to do so and then went home and afterwards altered his mind, what would have been the difference between the two transactions?

Mr. GREEN. There would have been no difference in the practical effect.

Com'r PROUTY. So this man simply altered his mind after
116** he got home, and concluded he wouldn't do what he had said he would do?

Mr. GREEN. That is true.

Com'r PROUTY. And if he had agreed to do that and then gone home and altered his mind the effect would have been exactly the same?

Mr. GREEN. Yes, sir.

Mr. BAXTER. You don't undertake to decide a law question now?

Com'r PROUTY. I did not ask him what the legal effect would be, I asked him as to the actual effect.

Mr. BAXTER. We all know that it doesn't make any practical difference.

Com'r PROUTY. To ask you another practical question. So far as perfecting an advance in the rate by concerted action is concerned, you did advance them in that way?

Mr. GREEN. We did to the extent of making those rates effective on the same dates; yes, sir.

Mr. BAXTER. Before this anti-Sherman act was construed by the Supreme Court, was it not the custom in this southern territory for the Southern to make rates by agreement?

Mr. GREEN. Yes, sir

Mr. BAXTER. And you—that is, the Southern Railway—had and entered into a formal agreement in your articles of association to abide by the rates so made?

Mr. GREEN. It did.

117** Mr. BAXTER. Was there anything of the sort obtained in the present instance?

Mr. GREEN. Absolutely nothing.

570* C. B. COMPTON, a witness sworn on behalf of defendants, testified as follows:

Mr. BAXTER. Mr. Compton, you are connected with the Louisville & Nashville Railroad, are you not?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. In what capacity?

Mr. COMPTON. I am its traffic manager.

Mr. BAXTER. How long have you been such?

Mr. COMPTON. For the last several years.

Mr. BAXTER. What was your position before that time?

Mr. COMPTON. General freight agent.

Mr. BAXTER. How long did you occupy that position?

Mr. COMPTON. Several years; eight or ten.

Mr. BAXTER. How long have you been connected with the freight department of that company?

Mr. COMPTON. A little more than 32 years.

Mr. BAXTER. Have your duties during that time had relation to the making of freight rates in the territory south of the Ohio River?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Are you, or not, familiar with the traffic of that company?

Mr. COMPTON. I feel that I am.

571* Mr. BAXTER. With the different classes of freight carried by it?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. And with the freight rates charged by it?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Do your duties now as traffic manager have relation to the making of freight rates for your system?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Are the rates of your company made by its own officers or made by agreement with competing lines?

Mr. COMPTON. Made by its own officers.

Mr. BAXTER. Is there any contract or agreement with any competing lines whereby the rates of your company are made by any competitor or influenced by any competitor?

Mr. COMPTON. None whatever.

Mr. BAXTER. Are you or not familiar with the general subject of rates throughout the Southern States and throughout the territory mentioned in the petition in this case?

Mr. COMPTON. I feel that I am.

Mr. BAXTER. How long have you been familiar with it?

Mr. COMPTON. I think I have been familiar with it for possibly 20 or 25 years.

572* Mr. BAXTER. What per cent of the lumber handled by your company from southern territory is distributed to points north of the Ohio River?

Mr. COMPTON. Rates from points south of the Ohio River on the Louisville & Nashville Railroad and from points on that line to the territory north of the Ohio River are made by a combination of the rates to the Ohio River plus the rates from the Ohio River to destination. The sum of those two rates is the total rate applied from points of shipment to points of destination north of the Ohio River.

Mr. BAXTER. Now, the rates that are charged north of the Ohio River—how are those rates made?

Mr. COMPTON. They are made by the lines north of the Ohio River, and the southern lines have nothing to do with them.

Mr. BAXTER. Well, then, in making a rate on lumber from a point on your line south of the Ohio River to points north of the Ohio River, you must know the rate charged by the lines north of the river in order to know what the through rate would be?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Now, then, the rates made by your line for the transportation of lumber south of the river—are they high or low rates?

Mr. COMPTON. They are low rates; the proportion south of the Ohio River are low rates or local proportions.

573* Mr. BAXTER. Why does your company accept those low rates or proportions for transportation south of the river?

Mr. COMPTON. We accept those low proportions because it is our belief that it is reasonable to arrange for a total rate from the producing territory south of the Ohio and east of the Mississippi River which would be the equivalent of a rate from the yellow-pine producing territory west of the Mississippi River. In arriving at these totals we must necessarily allow the line north of the Ohio River its tariff rate—that is, its tariff of local rates—accepting south of the Ohio River as its proportion. That leaves us the remainder, which is a reduced rate, in order that the total rate may be a competitive rate and in order that our mills may enjoy the benefits of a market in the Middle States.

Mr. BAXTER. Mr. Compton, what per cent of the lumber carried from southern territory handled by your company is carried on flat cars?

Mr. COMPTON. About 30 per cent.

Mr. BAXTER. What percentage of the cars used by your company in transporting lumber to the Ohio River go to the mills empty?

Mr. COMPTON. Practically all of them. There is, however, some loading of flat car equipment south; but in proportion to the number of cars used or required for the transportation of lumber it is relatively small.

574* Mr. BAXTER. Does your company pay a per diem or mileage charge for any of those flat cars going south empty?

Mr. COMPTON. It does.

Mr. BAXTER. Was not formerly the charge made for transporting lumber on flat cars higher than the rate charged for transporting it on box cars; and if so, what was the difference?

Mr. Compton. There was a higher rate charged on lumber loaded on flat cars than on lumber loaded in box cars. It varied from time to time, but in the beginning the difference was seven cents; it was gradually narrowed down to three cents per 100 pounds higher than the rate on box cars.

Mr. Baxter. Why was that difference in favor of box cars made?

Mr. Compton. The difference in favor of box cars was made because it was necessary to haul the flat car south empty, there being no loading for the flat car. It was thought proper and right that there should be some compensation for the extra service performed.

Mr. Baxter. What did you pay per day for the use of the flat car that your company hauled south empty?

Mr. Compton. 20 cents.

Mr. Baxter. At whose instance were these flat cars furnished to the lumber companies; at their instance or at yours?

575* Mr. Compton. At the instance of the shipper.

Mr. Baxter. Why did they want flat cars?

Mr. Compton. They want the flat car for the reason that their specifications by the purchasers require timber or lumber which is of inconvenient sizes to place in box cars to be put in flat cars, and for the further reason that it is cheaper to load a flat car than it is to load a box car.

Mr. Baxter. Why is that?

Mr. Compton. Well, it is so because, as a matter of fact, it is cheaper to the mill man, the shipper, to load flat cars than it is to load a box car. It takes less labor and it is more convenient to load.

Mr. Baxter. What percentage of difference is there in cost between loading box cars and flat cars?

Mr. Compton. I think in labor about 30 per cent.

Mr. Baxter. Now, it has been shown that in equipping flat cars for carrying lumber the cars sometimes are furnished with standards, and in some instances those standards are fastened together at the top by strips and in some other instances that there are pieces put under the load of lumber where occasionally the lumber laps from one car to another, and additional support has to be furnished. Now, taking your experience on your line, what do you think to be the cost of furnishing flat cars with standard sides, including the cost of labor? How much per car?

576* Mr. Compton. I figure that the average cost to the shipper for furnishing the standards, that is, the upright which goes into a thimble on the side of the car, 70 cents.

Mr. Baxter. Now, where strips are used in addition to the standards?

Mr. Compton. Where strips are used in addition to the standards I figure it would cost about 25 cents more.

Mr. Baxter. Making how much of an average?

Mr. Compton. About 90 cents.

Mr. Baxter. Now, where supports are used in addition to standards and strips, what do you find the cost to be?

Mr. Compton. I figure that to use the uprights, the standards, the crosspieces, which are known as the strips, and the supports altogether to be about $1.25. I figured that from the L. & N. system to 30 representative points of destination—that is to say, from representative points of shipment on the L. & N. system to representative points of

destination north of the Ohio River the average rate to which is 26.2 cents—the freight on the same would be $1.83, and that the cost to the shipper of the standards, strips, supports, and cost of freight would be $3.10.

Mr. BAXTER. Do you mean the freight on the material contained in the standards, strips, and supports to be $1.80?

Mr. COMPTON. Yes; where they are all used. Of course, it would not cost that much where only a part of that equipment
577* was used. I have shown by this calculation that the maximum cost to the shipper, in event he used all of these articles, would be $3.10 to equip the car.

Mr. BAXTER. Now, you say you calculate the freight from certain stations on your line to certain points and destinations north of the Ohio River; where are those stations on your line located—in Alabama, Mississippi, or where?

Mr. COMPTON. They are located in Alabama and Mississippi.

Mr. BAXTER. Are there any commodities other than lumber which require to be braced or protected to secure safety in transportation carried by your road?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Now, as to those other classes of freight or commodities which require to be braced and protected, are the freight charges assessed on the gross weight or the net weight?

Mr. COMPTON. The charges are assessed on the gross weight.

Mr. BAXTER. Does your company have in force on its line the rules of the Master Car Builders' Association which relate to the loading of long freight?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. It has been said in this case that the average rate of freight on that pine lumber from the mills to destination amounts in the aggregate nearly to the value of the product at the point of
578* shipment. Now, is that the case with reference to your system?

Mr. COMPTON. My information is that the value of the product exceeds the freight rate.

Mr. BAXTER. You mean the average?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. The average value of the lumber exceeds the average freight rate on your system?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Is the present rate on lumber, which includes the recent advance of two cents, greater or less per ton per mile than the rate per ton per mile on pig iron?

Mr. COMPTON. The average rate of freight per ton per mile received by the L. & N. Railroad is greater per ton per mile than the rate per ton per mile received on lumber.

Mr. BAXTER. The average rate per ton per mile on what is greater?

Mr. COMPTON. On pig iron.

Mr. BAXTER. Have you prepared a statement in reference to the rate on pig iron, carloads, from Birmingham, Ala., in Exhibit A?

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Will you file that Exhibit A with your testimony?

Mr. COMPTON. Yes, sir.

579* (The same is hereto attached and marked "Exhibit A to Mr. Compton's testimony.")

Com'r PROUTY. About what is your average rate per ton per mile on pig iron?

Mr. COMPTON. The average rate per ton per mile received by the L. & N. for the transportation of pig iron is 6.1 mills.

Com'r PROUTY. Does Exhibit A show the rate per ton per mile and the division of said rate and distances, and the rate per ton per mile on pig iron, carloads, from Birmingham, Chattanooga, and Sheffield, Ala., to Cincinnati, Louisville, East St. Louis, Ill., Chicago, Toledo, O., Detroit, Mich., and Cleveland, O., respectively?

Mr. COMPTON. Yes, sir.

Com'r PROUTY. It shows the rate per ton per mile and divisions in rates on pig iron from Birmingham and Sheffield to the points mentioned?

Mr. COMPTON. It shows the average rate per ton per mile from all points of origin to each point of destination.

Com'r PROUTY. Now, state whether those points of destination named in Exhibit A are or are not fair representative points for the movement of pig iron from Birmingham, Ala., and Sheffield to Ohio River points and beyond.

Mr. COMPTON. They are.

Com'r PROUTY. How does the average rate per ton per mile on

580* coal and like products transported by the L. & N. compare with the average rate per ton per mile received by the L. & N. on lumber from points in Mississippi and Alabama to points on the Ohio River and beyond?

Mr. COMPTON. They compare favorably with the rate per ton per mile received by the L. & N. for the transportation of lumber from Mississippi and Alabama to the Ohio River and beyond.

Mr. BAXTER. Mr. Compton, what classification is used by the L. & N. Railroad in the territory south of the Ohio River—Southern, or Official or what?

Mr. COMPTON. The L. & N. uses south of the Ohio what is known as the Southern Classification, except between points on its own line where it uses for its conveniences the Southern Classification with what is known as the L. & N. exceptions.

Mr. BAXTER. What I want to get at is what classification it occupies.

Mr. COMPTON. It would be first class south of the Ohio River and sixth class north of the Ohio River.

Mr. BAXTER. How many classes are there altogether in that schedule?

Mr. COMPTON. Twelve.

Mr. BAXTER. How do the rates on lumber from points south of the Ohio River to points north of the Ohio River compare with the rate charged on those twelve different classes included in schedule A?

581* Mr. COMPTON. The rates on lumber are less, on the average.

Mr. BAXTER. Less than the average of the class rate?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. What is your observation of the character of lumber shipped from Alabama and Mississippi points on your road to Ohio River points and beyond? Is it high grade, low grade, or what?

Mr. COMPTON. It consists of all grades.

Mr. BAXTER. The market which has been created for yellow-pine lumber in Ohio, Illinois, Indiana, Wisconsin, part of New York, Pennsylvania, Michigan, and Nebraska, who created that market?

Mr. COMPTON. Well, it was created to some extent, to a large extent, by the L. & N. Railroad. When we first got into southern Alabama we found there was considerable timber in that section undeveloped. We thought that should be developed and undertook to aid in its development. It was ascertained that the timber had merits; that it was strong and good for car purposes and building purposes, and we sought, in a systematic way, to advance the merits of that timber in order to introduce it. We used it in the manufacture of cars for our own system, and whenever we had occasion to buy new equipment we specified that this class of lumber should be used. We systematically had the representatives of our company undertake to set forth the merits of this timber in order that it might be introduced.

582* Our object in doing this was to get the haul of the lumber, and to develop that industry on our line.

Mr. BAXTER. Now, since 1894, what efforts have been made by the railroad company to develop this lumber traffic by means of adjusting freight rates?

Mr. COMPTON. We have had the freight rates charged on lumber from our territory so adjusted as to enable lumber to meet the market conditions; so as to enable it to compete with other sections of the country.

Mr. BAXTER. Under the adjustment of rates which you have made from time to time for transportation from southern territory to that north of the Ohio River, has the lumber business on your line increased or diminished?

Mr. COMPTON. It has increased steadily.

Mr. BAXTER. So that your readjustment of rates have been beneficial to that industry?

Mr. COMPTON. They have.

583* Mr. BAXTER. Has the adjustment enabled the manufacturers of southern yellow pine to compete north of the Ohio River with yellow pine produced in other States?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Has it enabled that lumber to compete with lumber produced in Northern, Western, and Pacific Coast States?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Has any such favorable adjustment of relative rates been made for the movement of any other commodity from Alabama or Mississippi or other Southern States to territory north of the Ohio River?

Mr. COMPTON. No, sir; no such favorable adjustment has been made on any other commodity. The adjustment of rates on this particular commodity is peculiar to itself. We have continuously for many years undertaken to charge from this southern territory to the Ohio River and from Alabama rates to Cairo, Evansville, Louisville, and Cincinnati on a fair basis. The rates to Cairo have not been made

less than the rates to Evansville. In order to produce a total rate so as to have the rates uniform with the rates from other territo-
584* ries—that is to say, Arkansas—we have used to Cairo a rate which is less than to Cairo proper, for the purpose of producing a total. In that respect we have departed from the usual basis for constructing rates to that territory and for the purpose of developing and continuing the rates from this territory in proper alignment with rates from other producing territory.

Mr. BAXTER. As I understand you, on every other property that is shipped from southern territory to Cairo, whether it is destined to stop at Cairo or go beyond, you charge the Cairo proper rate, but on lumber you give a lower rate than the Cairo proper rate in order to enable the lumber to compete with lumber from the territory west of the Mississippi River?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Have you compiled as Exhibit B a statement headed "Chicaga market, yellow-pine lumber, January 1, 1891, to September 30, 1903."

Mr. COMPTON. I have.

Mr. BAXTER. State whether it has been correctly compiled?

Mr. COMPTON. It has. I will file it as part of this answer.

585* (The same is hereto annexed and marked "Exhibit B to Mr. Compton's testimony.")

Mr. BAXTER. The exhibit will speak for itself. In order to save time I will not ask the witness what it shows. It shows the price of yellow pine lumber in the Chicago market for the four quarters of each of the years from 1891 to and including 1902, and for the first, second, and third quarters of 1903, does it not?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Said statement also shows the freight rates to Chicago from Alabama for those quarters, does it not?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Does it also show the prices at Chicago on grade A, which consists of first and second flooring; grade B, which consists of common flooring, and grade C, which consists of 3-inch dimension stuff and timber under 12 by 12 by 30 feet?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Said statement also shows the fluctuations in the lumber rate in said years, does it not?

586* Mr. COMPTON. Yes, sir.

Mr. BAXTER. And the percentage of said lumber rates to said lumber prices?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. It appears from that statement that there was a reduction made in lumber rates from this territory on May 10, 1894, does it not?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Why was that reduction made, Mr. Compton?

Mr. COMPTON. That reduction was made because of the rates obtainable by the Arkansas producers to Cairo and points basing on Cairo. The rates were reduced from Alabama territory and Mississippi territory. The rates were reduced from Alabama territory

and Mississippi territory for the purpose of meeting a rate to points of destination on and beyond Ohio River from Arkansas.

Mr. BAXTER. Was the reduction made because the previous rates were considered unreasonably high in and of themselves?

Mr. COMPTON. No, sir.

Mr. BAXTER. What was the condition of the lumber market at that time, in May, 1894; was it depressed or otherwise?

Mr. COMPTON. Depressed conditions prevailed at that time.

587* Mr. BAXTER. Suppose that reduction had not been made at that time, could the lumber from Mississippi and Alabama compete with the Arkansas lumber north of the Ohio River?

Mr. COMPTON. I think not; if so, at a considerable disadvantage.

Mr. BAXTER. Does that statement show the price of lumber on box cars and in flat cars?

Mr. COMPTON. It does.

Mr. BAXTER. What was the lumber rate from Alabama points to Chicago in 1891 in box cars?

Mr. COMPTON. Twenty-five cents in box cars.

Mr. BAXTER. And in flat cars?

Mr. COMPTON. Twenty-eight cents.

Mr. BAXTER. What was the average of the two?

Mr. COMPTON. Twenty-six and a half cents.

Mr. BAXTER. Now, prior to the reduction of May, 1894, what were the rates from April 21, 1887, to April 30, 1887?

Mr. COMPTON. From April 21, 1887, to April 30, 1887, the box-car rate was 35 cents and the flat-car rate 40 cents.

Mr. BAXTER. From April 30, 1887, to May 28, 1887, what were the rates?

Mr. COMPTON. The box-car rate was 33 cents and the flat-car rate 40 cents.

588* Mr. BAXTER. From May 28, 1887, to August 5, 1889, what were the rates?

Mr. COMPTON. The box-car rate was 31 cents and the flat-car rate 34 cents.

Mr. BAXTER. From August 5, 1889, to July 16, 1893, what were the rates?

Mr. COMPTON. On box cars it was 25 cents and on flat cars 28 cents.

Com'r PROUTY. To what points were these rates?

Mr. COMPTON. To Chicago.

Mr. BAXTER. From what points?

Mr. COMPTON. From points in Alabama.

Mr. BAXTER. Well, the average of the last two rates you quoted—on box cars 25 cents and on flat cars 28 cents—is 26½ cents, is it not?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. What is the present rate, including the recent advance of 2 cents?

Mr. COMPTON. 26 cents.

Mr. BAXTER. That is the rate from the same Alabama points to Chicago?

Mr. COMPTON. Yes, sir.

589* Mr. BAXTER. It appears, then, that the present rate is not quite equal to the average of the rates that were in force from August 5, 1889, to July 16, 1893?

Mr. COMPTON. That is true.

Com'r PROUTY. Why do you call that rate of 26½ cents an average rate?

Mr. COMPTON. I call that an average rate because it is the average of two rates. There were two rates.

Com'r PROUTY. But you yourself say that only 30 per cent of the lumber moves on flat cars from Alabama and Mississippi over your line, and the testimony shows that by other lines not more than 15 per cent moves on flat cars. If you want to give the actual average rates on which the lumber moved, you would not say it was 26½ cents?

Mr. COMPTON. I would take the average of the rates. I consider that an average of the Chicago freight rate.

Com'r PROUTY. So you think the lumber to-day is paying less to Chicago than it did under those rates?

Mr. COMPTON. I do; and I will give you the reason. Prior to the first of January, 1900, the rate from the north bank of the
590* Ohio River to Chicago had been 9 cents for many years. Therefore, out of the 26-cent rate, allowing 9 cents north of the Ohio River, the lines south had 1 cent more in their proportion. You asked me the question, as I understood it, whether or not this was higher or lower.

Com'r PROUTY. I am not talking about the lines south of the river or north of the river. I am simply talking about the through rate from Alabama points and Mississippi points to Chicago, and you say, as I understand, that the cost of transporting this lumber from these points to Chicago to-day is less than it was in 1889.

Mr. COMPTON. I did. I think that is so.

Com'r PROUTY. Now, the rate at that time was 25 cents in box cars, so that the lumber which moves in box cars to-day pays a cent more than it did then, does it not?

Mr. COMPTON. To-day?

Com'r PROUTY. Yes, sir.

Mr. COMPTON. The average——

Com'r PROUTY. I am not talking about your average. I say that lumber to-day which moves to Chicago in box cars pays a rate of 26 cents?

Mr. COMPTON. Yes, sir.

Com'r PROUTY. At that time it paid a rate of 25 cents?

591* Mr. COMPTON. It did.

Com'r PROUTY. Consequently lumber in box cars to-day pays a rate of 1 cent more than it did then?

Mr. COMPTON. Yes, sir.

Com'r PROUTY. If all lumber moved in box cars to-day it would pay a rate of 1 cent more than that which moved in box cars then?

Mr. COMPTON. That is true.

Com'r PROUTY. At the present time if only 10 or 15 per cent moves on flat cars, the total rate paid by all the lumber, the average would be less than 26½ cents, would it not?

Mr. COMPTON. I do not agree with you on that. I figure this way: The rate on the flat cars and box cars to-day is the same. Now, the railroad company gets less money to-day than it did then. You have reduced your flat-car rate materially. You have not decreased

at all your cost for the handling of that car south. You must take that into consideration also—the use of the equipment.

Com'r PROUTY. Wait a minute. My question does not ask you to take any of those things into consideration. Of course,
592* they should be taken into consideration in determining the reasonableness of the rate. I am talking about your average rate. You say the average rate at which this lumber moved in those days was 26½ cents. That is not true if more lumber moved in box cars than in flat cars, is it?

Mr. COMPTON. I do not agree with your conclusion.

Com'r PROUTY. Now, wait a minute. Suppose two carloads moved in box cars and one carload moved in a flat car, what is the average rate at which that lumber moves, assuming that all the cars carried the same load?

Mr. COMPTON. You are getting at a different basis for an average than I undertook to present. You are presenting to me a suggestion which I must concur in, because you say two cars moved—one flat and one box. I am comparing the rate, which I say does not amount to a restoration—it is not as high as it was previously. Who can tell from a freight tariff how much lumber will move to a given point? If you have got to take an average rate and consider the rate itself, and consider the reasonableness of the rate itself, you have got to consider the rate, and you can not consider whether one flat car moves or one box car. You must figure the reasonableness of the rate in itself, based on conditions.

593* Com'r PROUTY. If 10 carloads pay a rate of 25 cents and 1 carload pays a rate of 28 cents, what is the average of the whole?

Mr. COMPTON. I would say if one moved at 25 cents and the other at 28 cents, the average would be 26½ cents.

Com'r PROUTY. Although 10 carloads paid a rate of 25 cents and the other carload paid a rate of 28?

Mr. COMPTON. You would not say all the lumber on those cars moved at an average of 26½ cents, because all the cars will not weigh the same.

Com'r PROUTY. We will assume that the loading of every car is exactly the same, and that ten carloads move in box cars at a rate of 25 cents and one carload moves on a flat car at a rate of 28 cents, if that was the rate. Now, what is the average rate under which all that lumber moved? What is the average rate I pay if I ship all that lumber?

Mr. COMPTON. That is simply a matter of calculation.

Com'r PROUTY. It is not 26½ cents?

Mr. COMPTON. No, sir; it would not. I can not answer that in the affirmative. That would be the result as you present it.

Mr. CATCHINGS. It would be 26 $\frac{1}{11}$, would it not?

594* Mr. COMPTON. It is simply a matter of mathematical calculation.

Mr. BAXTER. Take the lumber that moved from this territory on flat cars, be it much or be it little, for the period from August 5, 1889, to July 16, 1893, the rate from this territory to Chicago was 28 cents?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. To-day on the same flat cars it is 26 cents?

Mr. COMPTON. Yes, sir; that is correct.

Mr. BAXTER. It has been said that southern yellow-pine lumber can not be freely marketed now in the territory on and north of the Ohio River. What do you say as to that?

Mr. COMPTON. I say the lumber can be marketed successfully north of the Ohio River, and I say it is being marketed in that territory.

Mr. BAXTER. What do you say as to competition of northern lumber with southern yellow-pine lumber in territory north of the Ohio River? Is it increasing or diminishing?

Mr. COMPTON. Diminishing continuously.

Mr. BAXTER. What is you opinion as to the supply of white pine, whether it is increasing or diminishing?

595* Mr. COMPTON. It is being rapidly exhausted.

Mr. BAXTER. How does the rate per ton per mile received by the Louisville & Nashville Railroad on lumber shipped from Alabama and Mississippi points to Ohio River points and beyond compare with the rate per ton per mile charged by other lines on other lumber which competes with the Alabama and Mississippi yellow-pine lumber in the territory on and north of the Ohio River?

Mr. COMPTON. The rate per ton per mile is less south of the Ohio River than north of the river on the lumber which competes with the northern lumber.

Mr. BAXTER. That is true of all except lumber from Pacific coast points, is it not?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Have you compiled "Exhibit C" statement, headed "Rates on fir lumber, carloads, and distances from Pacific coast points?"

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Will you file that as an exhibit to your testimony?

596* Mr. COMPTON. I will file it as part of this answer.

(The same is hereto annexed and marked "Exhibit C to Mr. Compton's testimony.")

Mr. BAXTER. That shows rates per hundred pounds, the distances and the rate per ton per mile on fir lumber from Tacoma and Seattle, Washington, and Portland, Oregon, to Chicago, Ill., St. Paul, Minn., Omaha, Neb., Kansas City, Mo., St. Louis, Mo., Cleveland, Ohio, Pittsburg, Pa., Cincinnati, Ohio, and Evansville, Indiana?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Have you prepared a statement as "Exhibit D," stating rates on pine lumber from points in Michigan to points in Central Freight Association territory?

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Will you file that as part of your testimony?

Mr. COMPTON. I will file it as part of this answer.

(The same is hereto annexed and marked "Exhibit D to Mr. Compton's testimony.")

Mr. BAXTER. That statement shows, does it not, the rates per
597* hundred pounds, the distances, and the rate per ton per mile on pine lumber from Bay City, Grand Rapids, Manistee, Port Huron, Saginaw, and Traverse City, Mich., to Cincinnati, Ohio, Louisville, Ky., Evansville, Ind., Cairo, Ill., Columbus, Ohio, Cleveland, Ohio, Indianapolis, Ind., Terre Haute, Ind., Pittsbur'h, Pa., and Chicago, Ill.?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. State whether those points of shipment mentioned in that statement are representative points for the shipment of pine lumber in Michigan?

Mr. COMPTON. They are.

Mr. BAXTER. And whether the points of destination are representative points of destination in Ohio, Indiana, Illinois, Pennsylvania, and Kentucky?

Mr. COMPTON. They are.

Mr. BAXTER. How do the rates per ton per mile received for the transportation of pine lumber between the points mentioned in said statement compare with the rates per ton per mile on the Louisville & Nashville on yellow-pine lumber from Alabama points to the Ohio River and beyond?

Mr. COMPTON. They are higher.

Mr. BAXTER. Have you prepared Exhibit E, statement headed "Lumber, carloads, from points in Minnesota and Wisconsin
598* to Chicago, Ill.?"

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Does it show the distances and the rates per hundred pounds on lumber, carloads; also the rate per ton per mile to Chicago, Ill., from Fondulac, Stillwater, Cloquet, Carlton, Minn., Winona, Burley, Star Lake, Grand Bay, Eau Claire, and Woodruff, Wis.?

Mr. COMPTON. It does.

Mr. BAXTER. Will you file it as an exhibit to your testimony?

Mr. COMPTON. I will file it as part of this answer.

(The same is hereto annexed and marked "Exhibit E to Mr. Compton's testimony.")

Mr. BAXTER. How does the rate per ton per mile for the transportation of lumber between the points set forth in that statement compare with the rates per ton per mile received by the Louisville and Nashville Railroad Company from Alabama and Mssissippi points to the Ohio River and beyond?

Mr. COMPTON. It is higher.

599* Mr. BAXTER. State whether the points in Wisconsin and Minnesota mentioned in that statement give a fair illustration of the rates on lumber and the distance which lumber is carried from Minnesota and Wisconsin points to Chicago?

Mr. COMPTON. They do.

Mr. BAXTER. Have you prepared Exhibit F, statement headed "Rates on yellow-pine lumber from Ohio River crossings to Central Freight Association territory?"

Mr. COMPTON. I have.

Mr. BAXTER. Has that statement been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Does it show the rates per hundred pounds on yellow-pine lumber in carload lots, the distances, and the rates per ton per mile from Cincinnati, O., Louisville, Ky., Evansville, Ind., and Cairo, Ill., to Chicago, Ill., Detroit, Mich., Cleveland, O., Indianapolis, Ind., and Pittsburg, Pa.?

Mr. COMPTON. Yes sir; it does.

Mr. BAXTER. Will you file it as part of your testimony?

Mr. COMPTON. Yes, sir.

(The same is hereto annexed and marked "Exhibit F to Mr. Compton's testimony.")

600* Mr. GREEN. Give us the average rate per ton per mile.

Mr. COMPTON. 6.52 mills.

Mr. BAXTER. How do the rates per ton per mile received for the transportation of yellow-pine lumber between the points named in said statement compare with the rate per ton per mile received by the Louisville & Nashville Railroad Company on yellow-pine lumber from Alabama and Mississippi points to the Ohio River and beyond?

Mr. COMPTON. They are higher.

Mr. BAXTER. State whether the rates shown in that statement are the rates charged from the Ohio River points named therein by the lines north of the Ohio River to the points of destination named in that statement on yellow-pine lumber which has been shipped from Alabama and Mississippi points.

Mr. COMPTON. They are the rates charged by the north of the Ohio River lines.

Mr. BAXTER. Does it show the rates charged by the lines north of the Ohio River for transporting the lumber from Ohio River points to those points of destination?

Mr. COMPTON. Yes, sir.

601* Mr. BAXTER. Are they the rates which you say are paid out of the total rates from points of origin in Alabama and Mississippi to points of destination north of the Ohio River?

Mr. COMPTON. They are.

Mr. BAXTER. And your company can get for its transportation south of the river only what is left after paying such rates to the lines north of the river?

Mr. COMPTON. That is true.

Mr. BAXTER. How do the roads south of the Ohio River recieve—more or less revenue per ton per mile for carrying the lumber to the Ohio River than the roads north receive for carrying it beyond the river?

Mr. COMPTON. The roads south of the river receive a less rate per ton per mile for transporting the lumber from the south than the lines north receive on the same lumber.

Com'r PROUTY. Are you talking about this lumber from Mississippi and Alabama or taking the whole together?

Mr. COMPTON. I am testifying now particularly to the Louisville & Nashville Railroad's conditions.

Com'r PROUTY. Then, you should say "the Louisville &

602* Nashville" and not "roads south of the Ohio River." I think the testimony showed yesterday that the Illinois Central received a higher rate per ton per mile than what you name as the rate per ton per mile for the roads north of the river.

Mr. COMPTON. I was about to make this explanation, if you please: The Louisville & Nashville Railroad penetrates the yellow-pine territory in central Alabama south of the Tennessee River. It also has a line in Mississippi, a line in western Alabama, and a line in western Florida.

Com'r PROUTY. I simply wanted to know whether your testimony had reference to the Louisville & Nashville Railroad alone, or whether it had reference to all roads that carry this yellow-pine lumber from southern territory, or whether it had reference to those roads which carry it from Mississippi and Alabama.

Mr. COMPTON. If you will permit the stenographer to read Mr. Baxter's question again, I will be glad to answer it.

Com'r PROUTY. Mr. Baxter may repeat it.

Mr. BAXTER. I asked with reference to the roads south of the Ohio River which includes not only the Louisville & Nashville but all the roads.

Com'r PROUTY. Do you mean to confine your answer to
603* Mississippi and Alabama or to cover all this yellow-pine territory south of the Ohio River?

Mr. COMPTON. I answer in the affirmative to the question as put. I say the rate per ton per mile received by all roads south of the Ohio River on this yellow-pine traffic is less than is received by the lines north of the river on the same traffic.

Com'r PROUTY. You mean the average by all the roads?

Mr. COMPTON. Of course, you have to take averages. You may have one rate that will give a high rate per ton per mile and another that will give a low rate.

Mr. BAXTER. As I understand you, you undertake to say that the average of the rates charged by the roads south of the river for the transportation of this lumber to the river is less per ton per mile than the rates charged by the roads north?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. How do the earnings of the Louisville & Nashville on lumber from Alabama and Mississippi points to the Ohio River and beyond per ton per mile compare with the rates per ton per mile on any of the lumber with which Alabama and Mississippi
604* yellow pine compete on and north of said river, except the lumber from Pacific coast points?

Mr. COMPTON. The rate per ton per mile is materially less.

Mr. BAXTER. What is your information as to whether the prices of yellow-pine lumber within 3 years have increased or diminished?

Mr. COMPTON. My information is that the price of yellow-pine lumber has increased. I do not mean by that answer to say it has increased in 1903 over 1902, but I do mean to say that within that time it has increased.

Mr. BAXTER. Have you compiled Exhibit G, a statement headed "Statement showing prices of yellow-pine lumber, grades, and dimensions as described, delivered at St. Louis, Mo., from June 1st, 1899, to April 1st, 1903?"

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Will you file it as part of your testimony?

Mr. COMPTON. I will file it as part of this answer.

(The same is hereto annexed and marked "Exhibit G to Mr. Compton's testimony.")

Mr. BAXTER. Does it give the description and dimensions
605* of various kinds of lumber and the market prices, delivered at St. Louis, upon the several dates set forth?

Mr. COMPTON. It does.

Mr. BAXTER. Does it show an increase or decrease between June 1, 1899, and April 1, 1903, in the price of every description of lumber named?

Mr. COMPTON. It shows a marked increase in the prices of all grades.

Mr. BAXTER. The first twelve kinds of lumber described in that statement, what do they include? Do they include lumber used by railroads and car manufacturers, or by the general public?

Mr. COMPTON. The first twelve?

Mr. BAXTER. Yes, sir.

Mr. COMPTON. I would call that commercial business.

Mr. BAXTER. Have the prices on those 12 kinds increased or diminished?

Mr. COMPTON. Increased.

Mr. BAXTER. Have you prepared a statement marked "Exhibit H," headed "Schedule of prices of bridge material, as contracted for by the Louisville & Nashville Railroad for the year 1903?"

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

606* Mr. COMPTON. It has.

Mr. BAXTER. Will you file it as part of your testimony?

Mr. COMPTON. Yes, sir.

(The same is hereto annexed and marked "Exhibit H to Mr. Compton's testimony.")

Mr. BAXTER. Does it not show the sizes of the material and the prices paid for the different sizes of material contracted for by the Louisville & Nashville Railroad for the year 1903?

Mr. COMPTON. It does.

Mr. BAXTER. Are those prices the prices free on board at the mills?

Mr. COMPTON. The prices free on board at the mills.

Com'r PROUTY. What is your source of information, Mr. Compton?

Mr. COMPTON. This is furnished me by the purchasing agent of the system.

Mr. BAXTER. What have you to say with reference to the Louisville & Nashville Railroad Company failing to furnish cars sufficient to transport the lumber that has been offered it for shipment?

Mr. COMPTON. The Louisville & Nashville Railroad has
607* caused very little, if any, delay in the movement of yellow pine lumber from southern territory. We have been very careful to keep our people fully supplied, and it is a fair statement to make that the Louisville & Nashville Railroad has crippled no interest whatever in furnishing cars for the transportation of lumber.

Mr. BAXTER. Are cars loaded with lumber generally loaded to full capacity?

Mr. COMPTON. They are not.

Mr. BAXTER. Have you prepared as Exhibit I a statement headed "Statement showing the total number of cars of yellow pine lumber

hauled by the Louisville & Nashville Railroad Company during the month of March, 1903, from the State of Alabama?"

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Will you file it as part of your testimony?

Mr. COMPTON. I will.

(The same is hereto annexed and marked "Exhibit I to Mr. Compton's testimony.")

608* Mr. BAXTER. What does that statement show to be the average loading of box cars containing lumber shipped from Alabama?

Mr. COMPTON. It shows the number of each kind of car used and the percentage of each to the whole——

Mr. BAXTER. That will be shown in the exhibit itself.

Mr. COMPTON. Well, if I may be permitted to let this memorandum be attached to the exhibit it will be all right.

Mr. BAXTER. You can pin that to the exhibit. Now, getting down to the result of the exhibit, what does that exhibit show that the average loading in box cars containing lumber shipped from Alabama was—what per cent of the capacity of the car?

Mr. COMPTON. The percentage of the load carried to the capacity—that is, the marked capacity—is 68.9 per cent.

Mr. BAXTER. That would leave 31.1 per cent of the actual capacity unutilized by the shipper?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. What does the statement show as to the average loading for flat cars shipped from Alabama?

Mr. COMPTON. 74.1 per cent of the stenciled capacity.

609* Mr. BAXTER. That would leave 25.9 per cent of the stenciled capacity unutilized by the shipper?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. What does the statement show that the average loading of gondola cars containing lumber from Alabama was?

Mr. COMPTON. 65.5 per cent.

Mr. BAXTER. That would leave 34.5 per cent of the stenciled capacity unutilized by the shipper?

Mr. COMPTON. Yes, sir.

Com'r PROUTY. How were the cars embraced in that statement arrived at. Did you take a certain period and take all the cars in that period?

Mr. COMPTON. At the Atlanta hearing I had a statement drawn in form similar to this, showing the movement from Georgia, and Judge Clements gave me instructions to prepare a similar statement from Alabama, which I did, and this is the same information to show the movement from Alabama that I showed from Georgia.

Com'r PROUTY. I do not remember how you selected the cars. In selecting these cars, do you take all the cars moved in a given month, or in six months?

Mr. COMPTON. This represents the movement during the month of March, 1903, the actual movement. Now, as to the total of

610* all, that is, the loading of all, it was only 69.6 per cent of the capacity of the cars.

Mr. BAXTER. As a result of that, the Louisville & Nashville Rail-

road was required to furnish and haul 649 cars, when 454 cars would have been sufficient if fully loaded?

Mr. COMPTON. Yes, sir; that is correct.

Com'r PROUTY. You do not know any reason why that month is not fairly representative of every month?

Mr. COMPTON. I think that is a fairly representative month.

Mr. BAXTER. On your road, has the cost of transportation increased or diminished in recent years?

Mr. COMPTON. The cost has increased.

Mr. BAXTER. How has it been with reference to the cost of lumber and cross ties?

Mr. COMPTON. The cost has increased.

Mr. BAXTER. The cost of iron and coal?

Mr. COMPTON. It has increased.

Mr. BAXTER. The cost of engines and cars?

Mr. COMPTON. It has increased.

Mr. BAXTER. The cost of steel rails?

611* Mr. COMPTON. Increased.

Mr. BAXTER. The cost of wages and everything else entering into the cost of railroad service?

Mr. COMPTON. Increased.

Mr. BAXTER. Does the recent increase of 2 cents per hundred pounds apply to other woods, or is it confined to yellow pine lumber?

Mr. COMPTON. It applies to other woods—all kinds of lumber.

Mr. BAXTER. Something has been said about the shippers not having notice in time to get rid of stock they had manufactured and contracted for. What was the fact in that regard on your road?

Mr. COMPTON. The conclusion reached by the Louisville & Nashville Railroad was in February, and they gave notice of the advance, that is, notice for the advanced rates to take effect on March 1st. There had been something said about the railroads failing to furnish equipment to move the lumber which was offering. It was thought by us that we might do some interest an injustice if we made the rates effective March 1st. We had a conference in Louisville—the

612* management of our company—in regard to it, and the conclusion reached was that it would be fair to suspend these rates and to make an investigation to ascertain what the condition was in regard to the movement; to see whether or not there had been any injustice done, or whether or not there might be. We caused every sawmill on our road to be visited and after the investigation was made we concluded that it would be fair to all interests and fair to the shippers and fair to the carrier to make the rate effective on April 15th.

Mr. BAXTER. The point is, did the lumber men know as early as February, 1903, that your company contemplated increasing its rate?

Mr. COMPTON. They did. It was a matter of common notoriety that the lumber rates were being considered—the advance was being considered. All shippers had previous notice that the matter was under consideration and the advance contemplated. As a matter of fact, I was asked if we did have in contemplation the advance of rates, and I said yes.

Mr. BAXTER. When you made that 2 cents advance, was it made in combination and agreement with competing lines or was it made by your own action?

613* Mr. COMPTON. By our own action.

Mr. BAXTER. Have you prepared, as Exhibit J, a statement showing proportions accruing to the Louisville & Nashville Railroad south of Ohio River crossings, Cairo to Cincinnati, inclusive, in the division of lumber rates from Louisville & Nashville stations to destinations named?

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Please file it as part of your testimony.

Mr. COMPTON. Yes, sir.

(The same is hereto annexed and marked "Exhibit J to Mr. Compton's testimony.")

Mr. BAXTER. What does that exhibit show to be the average rate per ton per mile on lumber accruing south of the Ohio River, from the representative points of origin in Alabama and Mississippi to 32 representative points of destination in Illinois, Wisconsin, Ohio, Indiana, Pennsylvania, and New York via all of the Ohio River crossings?

Mr. COMPTON. It shows the average rate per ton per mile to be 4.81 mills.

Com'r PROUTY. That is what you actually receive?

614* Mr. COMPTON. Yes, sir; I have this statement in such a way that it gives almost any detail that anyone would care to have, and I have attached to it a memorandum indicating what it shows. I will leave that memorandum attached. I have attached to it also a map to accompany it.

Mr. GREEN. To save time and labor, will you please indicate what that exhibit shows?

Com'r PROUTY. I understand him to say that it shows the rate or division of the rate actually received by the Louisville & Nashville Railroad as its part of the haul from these points of origin to 32 representative points of destination north of the Ohio River and on the Ohio River. At any rate the exhibit specifies the points. The thing shown is the amount of money or rate per ton per mile received by the Louisville & Nashville.

Mr. COMPTON. It shows the average proportion south of the Ohio River, the average mileage, and the average rate per ton per mile. That is boiled down. That is the conclusion.

Com'r PROUTY. You specify on that statement points of origin and points of destination?

Mr. COMPTON. Points of origin and points of destination are shown; distances to all crossings—everything in the way of

615* a rate or distance, and the rate per ton per mile.

Mr. BAXTER. Does that show the average rate per ton per mile accruing south of the river received by the Louisville & Nashville, or does it show the average of the rate per ton per mile accruing south of the river to all roads?

Mr. COMPTON. This shows the average rate per ton per mile accruing to the Louisville & Nashville.

Mr. BAXTER. Have you compiled Exhibit K, statement headed "Rates on lumber, carloads, in cents per hundred pounds from stations on the Louisville & Nashville Road to northern and western points?"

Mr. COMPTON. I have.
Mr. BAXTER. Has that been correctly compiled?
Mr. COMPTON. It has.
Mr. BAXTER. Please file it as part of your testimony.
Mr. COMPTON. I will file it as part of this answer.
(The same is hereto annexed and marked "Exhibit K to Mr. Compton's testimony.")
Mr. BAXTER. It shows, does it not, the average of the rates per ton per mile from the representative points of origin in Alabama and Mississippi to 39 representative points of destination on the
616* Ohio River and beyond in the States of Illinois, Wisconsin, Ohio, Indiana, Pennsylvania, New York, Missouri, and Kentucky via all of the Ohio River crossings?
Mr. COMPTON. Yes, sir.
Mr. BAXTER. That average rate per ton per mile is 5.92 mills, is it not?
Mr. COMPTON. Yes, sir.
Mr. BAXTER. In making the compilation, did you use the shortest available rail distance?
Mr. COMPTON. I used the shortest available rail distance.
Mr. BAXTER. As I understand that exhibit, it shows that the Louisville & Nashville Railroad and its connections for the transportation from the points of origin mentioned in that statement, through to points of destination therein mentioned, received an average rate per ton per mile of only 5.92 mills.
Mr. COMPTON. Yes, sir; that is correct.
Mr. BAXTER. That is, for carrying it not only to the river, but beyond the river to the points of destination?
Mr. COMPTON. That is from origin to destination.
Mr. BAXTER. Have you compiled Exhibit L, statement headed "Rates on lumbers, carloads, in cents per hundred pounds,
617* from southeastern territory to northern and western points, showing distances, averages, and the rate per ton per mile?"
Mr. COMPTON. I have.
Mr. BAXTER. Has that been correctly compiled?
Mr. COMPTON. It has.
Mr. BAXTER. Will you file it as part of your testimony?
Mr. COMPTON. I will.
(The same is hereto annexed and marked "Exhibit L to Mr. Compton's testimony.")
Mr. BAXTER. That statement shows, does it not, that the average of the rates per ton per mile on lumber from 26 representative points of origin in Georgia and Florida to 39 representative points of destination on the Ohio River and beyond in the States of Illinois, Wisconsin, Ohio, Indiana, Pennsylvania, New York, Missouri, and Kentucky, via all of the Ohio River crossings, is 6.21 mills?
Mr. COMPTON. That is correct.
Mr. BAXTER. In that compilation, did you use the shortest available rail distance?
Mr. COMPTON. I did.
Mr. BAXTER. Have you compiled Exhibit M, statement
618* headed "Rates on lumber, distances, etc., from points in Alabama, Mississippi, and Louisiana, in cents per hundred pounds, to northern and western points?"

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Will you make it part of your testimony?

Mr. COMPTON. I will.

(The same is hereto annexed and marked "Exhibit M to Mr. Compton's testimony.")

Mr. BAXTER. Does it not show that the average of the rates per ton per mile on lumber from 5 representative points of origin in Alabama, Mississippi, and Louisiana to 39 representative points of destination on the Ohio River and beyond in the States of Illinois, Wisconsin, Ohio, Indiana, Pennsylvania, New York, Missouri, and Kentucky, including all of the Ohio River crossings, is 6.21 mills?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Then it seems that the rate per ton per mile from the points in Georgia and Florida to said points of destination north of the river is precisely the same as it is from the points of origin in Alabama, Mississippi, and Louisiana.

619* Mr. COMPTON. Yes, sir; it seems strange, but I took the same points of destination and representative points of origin and it came out to a fraction of a mill the same rate per ton per mile.

Mr. BAXTER. Have you compiled Exhibit N, statement headed "Rates on lumber, carloads, in cents per hundred pounds from Arkansas, Texas, and Louisiana points?"

Mr. COMPTON. I have.

Mr. BAXTER. Has it been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Will you please file it as part of your testimony?

Mr. COMPTON. I will.

(The same is hereto annexed and marked "Exhibit N to Mr. Compton's testimony.")

Mr. BAXTER. Does it not show that the average of the rates per ton per mile on lumber from Arkansas points in Cotton Belt group 11, points on the Louisiana & Arkansas Railway, Buchanan, Arkansas, to Winfield, Louisiana, inclusive; points on the Shreveport & Red River Valley Railroad, Shreveport to Pineville, Louisiana, inclusive, and Texas points in Cotton Belt group 12, Elau to Bluffton,

620* Texas, inclusive, to 39 representative points of destination on the Ohio River and beyond, in the States of Illinois, Wisconsin, Ohio, Indiana, Pennsylvania, New York, Missouri, and Kentucky, via all of the Ohio River crossings, is 6.59 mills, using the shortest available rail distance?

Mr. COMPTON. That is correct.

Mr. BAXTER. Have you compiled Exhibit O, statement headed "Rates on lumber, carloads, per hundred pounds, from T. & P. Railroad stations in Texas, Louisiana, and Arkansas, to points in Missouri, Nebraska, and Kansas?"

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Will you file that as part of your testimony?

Mr. COMPTON. I will.

(The same is hereto annexed and marked "Exhibit O to Mr. Compton's testimony.")

Mr. BAXTER. Does it not show that the average of the rates per ton per mile from Shreveport, La., which is an average of said stations, to representative Missouri River points in Missouri, Nebraska, and Kansas is 7.37 mills, using the shortest available rail distance?

Mr. COMPTON. That is correct.

621* Mr. BAXTER. Have you compiled Exhibit P, statement headed "Rates on lumber, carloads, per hundred pounds, from T. & P. Railroad stations in Texas, Louisiana, and Arkansas to points in New Mexico and Colorado?"

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Will you file it as part of your testimony?

Mr. COMPTON. I will.

(The same is hereto annexed and marked "Exhibit P to Mr. Compton's testimony.")

Mr. BAXTER. Does it not show that the average of the rates per ton per mile on lumber from Shreveport, La., an average of said stations, to representative points in New Mexico and Colorado is 8.31 mills?

Mr. COMPTON. That is correct.

Mr. BAXTER. Does that use the shortest available rail distance?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Have you compiled Exhibit Q, statement headed

622* "Statement showing proportions (which are the regular tariff rates) accruing to lines north of the Ohio River crossings, Cairo to Cincinnati, inclusive, in the division of rates on lumber from southern territory to the points of destination named?"

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Please file it as part of your testimony.

(The same is hereto annexed and marked "Exhibit Q to Mr. Compton's testimony.")

Mr. BAXTER. Does it not show that the average of the rates per ton per mile on lumber originating in southern territory received by lines north of the Ohio River, for transportation of lumber from Cairo, Evansville, Louisville, and Cincinnati to 32 representative points of destination in Illinois, Wisconsin, Indiana, Michigan, Ohio, Pennsylvania and New York is 6.91 mills, using the shortest available rail distance?

Mr. COMPTON. That is correct.

Mr. BAXTER. Does not that exhibit show that the lines north of the Ohio River receive for the transportation of lumber originating in the South for carrying that lumber from the river to the points

623* of destination in the North an average rate per ton per mile of 6.91 mills, while your Exhibit J shows that the Louisville & Nashville Railroad for the transportation of the same lumber from points of origin in Alabama and Mississippi territory to the Ohio River, receives only 4.81 mills?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Have you compiled Exhibit R, statement headed "Rates on lumber, carloads, from Michigan and Wisconsin points to Missouri River and beyond, by short line distances?"

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Will you file it as part of your testimony?

Mr. COMPTON. I will file it as part of this answer.

(The same is hereto annexed and marked "Exhibit R to Mr. Compton's testimony.")

Mr. BAXTER. Does it not show that average of the rates per ton per mile on lumber from 9 representative points of origin in Michigan and Wisconsin to 8 representative points in Missouri, Kansas, Nebraska, and Colorado is 7.1 mills, using the shortest available rail distance?

Mr. COMPTON. Yes, sir.

624* Mr. BAXTER. Does not your Exhibit C, heretofore filed, show that the average of the rates per ton per mile on lumber from Tacoma and Seattle, Wash., and Portland, Oregon, to 9 representative points of destination in Illinois, Minnesota, Nebraska, Kansas, Missouri, Ohio, Pennsylvania, and Indiana is 4.65 mills?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Using the shortest available rail distance?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. What does it show the average distance is upon which said rate per ton per mile is based?

Mr. COMPTON. 2,316.5 miles.

Mr. BAXTER. Have you compiled Exhibit S, statement headed "Rates on lumber, carloads, per hundred pounds, to New York, N. Y.?"

Mr. COMPTON. I have.

Mr BAXTER. Has that been correctly compiled?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Please file as part of your testimony.

(The same is hereto annexed and marked "Exhibit S to Mr. Compton's testimony.")

625* Mr. BAXTER. Does it not show that the average of the rates per ton per mile on lumber from 30 representative points in Ohio, Indiana, Illinois, Wisconsin, and Michigan is 5.6 miles per ton per mile?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. Are not those points in what is called trunk-line territory?

Mr. COMPTON. Yes, sir.

Mr. BAXTER. How do the rates in trunk-line territory compare with the rates generally in the United States?

Mr. COMPTON. They are generally less; in fact, they are the minimum rates, considering them as a whole.

Mr. BAXTER. How do the average rates per ton per mile charged by those lines in trunk-line territory for transporting lumber from those points in Ohio, Indiana, Illinois, Wisconsin, and Michigan mentioned in that statement compare with the rates per ton per mile received by the Louisville & Nashville Railroad for the transportation of lumber from Alabama and Mississippi points to the Ohio River?

Mr. COMPTON. They are higher.

626* Mr. BAXTER. Have you compiled Exhibit T, statement headed "Schedule of prices paid for yellow-pine lumber of various dimensions, purchased by the Louisville & Nashville Railroad during the years 1901, 1902, and 1903?"

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Will you make that part of your testimony?

Mr. COMPTON. I will.

(The same is hereto annexed and marked "Exhibit T to Mr. Compton's testimony.")

Mr. BAXTER. Have you compiled Exhibit U, statement headed "Statement showing the rates on lumber at present effective from southern territory to Ohio River crossings, and also rates which have been effective from time to time to Ohio River crossings and comparison of present rates with old rates?"

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Will you file it as part of your testimony?

Mr. COMPTON. I will.

627* (The same is hereto annexed and marked "Exhibit U to Mr. Compton's testimony.)

Mr. BAXTER. Does it show the average of the present rates to be as much as or more than a restoration of the former rates?

Mr. COMPTON. It shows it to be less than a restoration of former rates.

Mr. BAXTER. From what time does that statement show—how far back?

Mr. COMPTON. The statement of rates goes back to 1887.

Mr. BAXTER. January 1st?

Mr. COMPTON. January 1st, 1887; yes, sir.

Com'r PROUTY. What do you mean by "former rates?"

Mr. COMPTON. Rates that were in effect at some time before.

Com'r PROUTY. You take the highest rate shown by your statement, and the present rate would not be a restoration to that rate.

Mr. COMPTON. I have shown in parallel columns the rates in effect from this territory to the Ohio River, Chicago, and Indianapolis for a period of years. I sought this information from the office of the Commission at Washington to get a history of the rates. I have started with January 1st, 1887, and shown every change in the rate from that time to date.

628* Com'r PROUTY. Your general oral statement now, as to the significance of the exhibit you have prepared, simply means that the rates to-day are not as high as they were January 1st, 1887?

Mr. COMPTON. Well, that is a correct conclusion, but, for instance, I would not think that would be a fair comparison.

Com'r PROUTY. I was going to ask you if you thought it a fair comparison to compare the rate to-day with the rate on January 1st, 1887?

Mr. COMPTON. We have made a history of the rates and undertaken to show that these rates do not amount to as much as a restoration of

former rates. As I explained awhile ago, from the Louisville & Nashville Railroad to Alabama we carried as high a rate as 40 cents to Chicago at one time. I am not making a comparison in regard to that rate. I am making a comparison with rates formerly in effect. We use 25 and 28 cents and get an average of 26½ cents. If you go back of that you will find that the rate was greater than 26½ cents. It is fair to say that this is a history of rates from 1887 to date, made for the purpose of easy comparison.

629* Com'r PROUTY. When were those rates of 25 and 28 cents to Chicago in effect? When were they last effective?

Mr. COMPTON. The first time those rates went into effect was in 1889.

Com'r PROUTY. How long did they continue?

Mr. COMPTON. They were made effective August 15th, 1889, and remained in effect until July 16th, 1893; then they were made 24 and 27.

Com'r PROUTY. You think things became sufficiently settled down in 1889 to compare the present rate with that rate which was in effect from 1889 to 1893?

Mr. COMPTON. I want to point out another reduction. On the 5th of May, 1894, we made them 22 and 25. That was the distress rate. Now, I think it is fair to say that this is not as much as a restoration of a former rate. We started out primarily to market our timber north of the Ohio River in competition with west of the river timber. They came in later and put in rates to Cairo, which was the basing point, less than the rates we had from this southern territory.

Com'r PROUTY. You must remember that the testimony of Mr. Enochs was the other way—that the rates west of the river came first.

630* Mr. CATCHINGS. Did not Mr. Enochs confine his testimony to Mississippi lumber? Mr. Compton is speaking of Alabama lumber.

Com'r PROUTY. I think that is correct.

Mr. ENOCHS. I spoke more particularly as to Mississippi lumber.

Com'r PROUTY. I understand Mr. Compton now to be speaking of this whole section.

Mr. COMPTON. The timber from this section was marketed before the timber from the other section was marketed. The measure of the rate from this country has been the Arkansas rate. These rates commenced to go down as the Arkansas competition was felt. That accounts for the reduction in the rates; the first reduction. Now, what I term "the distress rate" was the low rate prevailing from Arkansas to Cairo, and the commercial condition of this country—the financial condition of this country, was bad.

Com'r PROUTY. That is, what you call "the distress rate" was the rate in effect from about 1894 to 1899?

Mr. COMPTON. Yes, sir. Now, we put that rate down for the purpose of meeting these abnormal conditions. We felt that

631* when we had good times again it was fair for us to share some of the profits—that is, that our rates should be raised and ought to be reasonably accepted.

Com'r PROUTY. At the outset all these rates were tentative; you were feeling around for what would be a fair rate, and there came a

time when those rates settled down into what could be termed a normal condition. You think that time was about 1889, when the rate to Chicago was 25 cents in box cars and 28 cents in flat cars? That continued in effect from 1889 to 1892?

Mr. COMPTON. I always did think and do now, that the 25 and 28 cent rates were low rates, but they were measured by the competition west of the river. It forced the rates from this side. The controlling factor in all these rates on yellow pine lumber has been the west-of-the-river rate. That is the controlling factor in this whole matter.

Com'r PROUTY. Then, the reason to-day why you can and do advance this rate is because you are able to check that competition?

Mr. COMPTON. No.

Com'r PROUTY. That is, hitherto you have not been able to persuade those roads to maintain a higher rate than 13 or
632* 14 cents, and to-day you can persuade them to maintain a rate of 16 cents?

Mr. COMPTON. I have not tried to persuade those people to do anything. I have tried to persuade myself as to the right thing to do, and have persuaded myself. I have met this competition as vigorously as was possible.

Com'r PROUTY. What did your meeting adjourn up to St. Louis for? So that it might come into communication with the lines west of the Mississippi River?

Mr. COMPTON. I was not present at a conference at New Orleans, nor was I present at the conference at St. Louis.

Com'r PROUTY. You testified at Atlanta, if I remember right, that you would not advance your rates unless the lines west advanced theirs?

Mr. COMPTON. I will say this, that it is my belief that the conditions on the Louisville & Nashville system would justify me in charging a rate as low as any in effect from the producing territory west of the river, or from Mississippi or from Georgia. With that belief in my mind, I believe that is a correct thing to do. Now, with a desire on my part to protect this interest, I do not think it is fair to say that we would charge or could charge a higher rate than
633* they charge from Arkansas.

Com'r PROUTY. That is exactly what you testified to.

Mr. COMPTON. And I will say to you now, and I believe my position is sound, that if there should be a reduction from Arkansas, I would immediately reduce the rates of the Louisville & Nashville Railroad.

Com'r PROUTY. So that the real change in conditions between to-day and from 1894 to 1899 is that the Arkansas lines will maintain a rate of 16 cents to Cairo now and that they would not maintain a rate of 16 cents then.

Mr. COMPTON. They probably considered this matter—I have no doubt they did—considered it carefully, and they reached the conclusion that everything that entered into their cost of transportation had increased and they felt justified in getting a little more money out of the business. I have no doubt they did feel that way. I am sure I did.

Com'r PROUTY. Do you suppose they took into account the fact that you were willing to advance your rates from 14 to 16 cents?

Mr. COMPTON. I presume they did, but there is this about
634* this rate: I suspended this rate on the first of March. I did it because I thought it was right to do—our people did, and I think what they think is all right. Now, we found we could get the rate up April 11th, without doing anyone an injustice and we undertook to get the advance. The United States Court enjoined the Georgia lines from charging the advanced rates. That was on the evening of April 14th. I got a telegram from Atlanta that Judge Speer had granted the injunction. His injunction covered only the rates from the territory in Georgia; that is, from the territory from which the rates applied in south Georgia. His injunction did not cover the rates from Alabama, but I knew that the Georgia lines would obey the injunction, and when I found that the Georgia rates were not going to be advanced, I suspended the Alabama rates. Now, I did that of my own accord and I did it because I did not think our rates ought to be higher. I acted in the first place in suspending these rates of my own accord, and when I suspended the Alabama rates I did it of my own accord, because I did not think they ought to be higher than from Georgia.

Com'r PROUTY. Let me ask another question. Suppose the conclusion should be reached that these rates from Mississippi ought not to have been advanced and that the rates from Georgia might have been properly advanced, and suppose you were compelled
635* or lines leading from Mississippi were compelled to reduce the rate to Cairo to 14 cents, what effect in your judgment would that have on the rates from Georgia and Alabama?

Mr. COMPTON. If the rates from Mississippi were reduced to Cairo?

Com'r PROUTY. If the Illinois Central and Mobile & Ohio were compelled to put in a rate of 14 cents to Cairo, what effect would that have on rates from Georgia, and also on rates from west of the Mississippi River.

Mr. COMPTON. I think they would all come down 2 cents a hundred. I say, that is my opinion what others would do. I will tell you what I would do. If the Mississippi rate to Cairo were reduced to 14 cents—we do not care anything about the rate to Cairo; Cairo is not on the map, so far as we are concerned; it is a measure of the rate there—I would say to you, I would make my totals no higher than from Mississippi.

Mr. BAXTER. Mr. Compton, you have filed a number of exhibits here containing statements of rates to and from various points. From what source did you compile those rates?

636* Mr. COMPTON. I compiled these rates from the tariffs on file in the office of the Interstate Commerce Commission in Washington.

Mr. BAXTER. Have you compiled Exhibit W, statement headed, "Statement of yellow-pine lumber shipments from points on the Louisville & Nashville Railroad to Ohio River points and beyond, from January 1st, 1888, to September 30, 1903, inclusive?"

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Will you file it as part of your testimony?

Mr. COMPTON. I will.

(The same is hereto annexed and marked "Exhibit W to Mr. Compton's testimony.")

Mr. BAXTER. Does it show the number of cars shipped each year and the average number of cars shipped per day for each of the years?

Mr. COMPTON. It does.

Mr. BAXTER. Does it show a continuous increase or decrease?

Mr. COMPTON. It shows a continuous increase in the move-
637* ment of the business from 1888 to date.

Mr. BAXTER. Have you compiled Exhibit X, statement headed "Comparison of the exhibits of rates on lumber in various parts of the United States?"

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Will you file that as part of your testimony?

Mr. COMPTON. I will.

(The same is hereto annexed and marked "Exhibit X to Mr. Compton's testimony.")

Mr. GREEN. What does that show generally?

Mr. COMPTON. This is a comparison of fourteen sets of rates applicable in the United States, giving the distances, the average of the distances, the average rate, and the average rate per ton per mile. It shows that the lowest rate per ton per mile in the United States is obtained by the southern lines on this yellow-pine lumber, with one exception, and that exception is the Pacific coast fir, and that the rate per ton per mile on that, for a distance of 2,316.5 miles, is 4.65 mills. That is a long distance and high rate. The average
638* rate is 53.9 cents. The distance from here to the Ohio River is shorter, with a rate per ton per mile approximating this rate for the longer distance.

Mr. GREEN. Have you the rate per ton per mile of the Illinois Central to Cairo?

Mr. COMPTON. In one of these exhibits, Exhibit M, I have compiled the rate from Mississippi from representative points on the Illinois Central, the Gulf & Ship Island, and New Orleans & Northeastern Railroad to same points of destination as shown in the Alabama and Georgia and Arkansas exhibits, and the rate per ton per mile received by the lines south of the Ohio River on Mississippi business, whether on the Mobile & Ohio, the Illinois Central, or the Gulf & Ship Island, is shown. It shows that the rate per ton per mile on Mississippi lumber to the same points of destination as shown in the other exhibits is 6.21 mills.

Com'r PROUTY. What is the average from Michigan points to New York?

Mr. COMPTON. The trunk line average is 5.6 mills.

Mr. BAXTER. Have you compiled Exhibit V, statement headed "Statement showing rates on lumber at present effective from south-
ern territory to Chicago, Illinois, and Indianapolis, Indiana,
639* and also rates which have been effective from time to time to Chicago and Indianapolis, and comparison of present with old rates?"

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Will you file that as part of your testimony?

Mr. COMPTON. I will.

(The same is hereto annexed and marked "Exhibit V to Mr. Compton's testimony.")

Mr. BAXTER. Have you compiled a statement marked Exhibit Y, headed "Comparison of rates on lumber from Louisville & Nashville stations in Alabama, south of Montgomery, southeastern territory (standard), Louisiana, Mississippi, and Arkansas, to 39 points of destination, being the same points as shown in Exhibits J, K, L, and N; rates shown in parallel columns for easy comparison?"

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has.

Mr. BAXTER. Will you file that as part of your testimony?

Mr. COMPTON. I will.

(The same is hereto annexed and marked "Exhibit Y to Mr. Compton's testimony.")

640* Mr. BAXTER. Does not that statement show that the rates from Louisville & Nashville stations in Alabama south of Montgomery, from the southeast, from Mississippi, Louisiana, and Arkansas to the 39 points of destination shown are the same except in a few instances?

Mr. COMPTON. Yes, sir. I undertook to make this comparison to show that from the four representative producing territories; that is, the yellow-pine territories, three east of the river and one west of the river, that the total rates from all the territories to these destinations were level; that is, they all carried the same rate, with some few exceptions. When you get to Cincinnati, the Arkansas rate becomes 27 as against the rate from this side of 23.

Com'r PROUTY. What are the three producing sections you refer to?

Mr. COMPTON. I have used Mississippi, Alabama, and Georgia.

Mr. BAXTER. Have you compiled Exhibit Z, statement headed, "Statement showing the movement of lumber from points on the St. Louis, Iron Mountain & Southern Railway, New Orleans & Northeastern Railway (V. S. & P. division), St. Louis Southwestern Railway, and Missouri, Kansas & Texas Railway, in Arkansas,

641* Louisiana, and Texas, to points on and north of the Ohio River, January 1st to October 31st, 1902, and January 1st to October 31st, 1903; movement shown in cars?"

Mr. COMPTON. I have.

Mr. BAXTER. Has that been correctly compiled?

Mr. COMPTON. It has been compiled from information received from these companies handling the business.

Mr. BAXTER. Please file it as part of your testimony.

(The same is hereto annexed and marked "Exhibit Z to Mr. Compton's testimony.")

Mr. BAXTER. Does it show that the movement from those points has increased or diminished?

Mr. COMPTON. It shows that the business has gradually increased.

Mr. BAXTER. Now, from the facts you have heretofore testified to in this case, is it your opinion that the rates on lumber from Mississippi, Alabama, and eastern Louisiana to points on and north of the Ohio River are unreasonably high or reasonably low?

Mr. COMPTON. I have undertaken to set forth in concise form these comparisons of rates on lumber in the different parts of the United States. I thought it would be proper to make these compari-
642* sons and that I could get facts from them not obtainable in any other way, and I have undertaken to base my opinion upon the facts as they are here produced, and I conclude that these are reasonable rates. I speak of the rates to-day. I think if you measure the rate of to-day by a comparison with other rates, the rates in themselves and as compared with the rates from other producing territory of yellow pine are reasonable. I do not see how I could reach any other conclusion but that these are reasonable rates. They have permitted the free movement of the business in competition with business of a similar character. The movement has been free and will continue to be free.

Mr. BAXTER. Are the rates on lumber realized by the Louisville & Nashville Railroad from points in Alabama, Mississippi, and eastern Louisiana to points on and north of the Ohio River exceedingly profitable or not as compared with the rates on other traffic that you move?

Mr. COMPTON. The average rate per ton per mile received on this business is less than the average of the whole. While in itself I consider it profitable, it is less profitable than the average handled by the Louisville & Nashville Railroad.

643* Mr. BAXTER. File the statement showing pine lumber and timber exported via the port of Pensacola, Fla., January, 1903, to October, 1903, inclusive.

(The same is hereto annexed and marked "Exhibit ZZ to Mr. Compton's testimony.")

Mr. BAXTER. How have you compiled that statement?

Mr. COMPTON. This is compiled from the Government records of Pensacola.

Mr. BAXTER. Has it been correctly compiled?

Mr. COMPTON. It has, from the data received.

Mr. BAXTER. What does it show is the amount exported through Pensacola during that period?

Mr. COMPTON. It shows each month separate for the period named, and in the total it shows that of the sawn timber there was 167,810,000 feet, the value of which was $2,131,919; hewn timber is shown in cubic feet to be 344,542 feet, and the value of the same to be $61,441; and the lumber, superficial number of feet, 113,504,000 feet, the value of which was $1,675,881.

Com'r PROUTY. Is that all yellow pine, Mr. Compton?

Mr. COMPTON. Yes, sir.

644* Com'r PROUTY. And that is simply what was exported to foreign countries through the port of Pensacola?

Mr. COMPTON. Yes, sir.

Com'r PROUTY. Does any lumber move through Pensacola destined to other points in the United States?

Mr. COMPTON. Very little. Occasionally we have a schooner in there that will take business to the East, but not often.

Com'r PROUTY. Is your line the only line reaching Pensacola?

Mr. COMPTON. Yes, sir.

Com'r PROUTY. Does this lumber all reach Pensacola from your line?

Mr. COMPTON. Not all, but most of it.

Com'r PROUTY. At what points does this lumber originate on your line?

Mr. COMPTON. It originates in southern Alabama and western Florida; that is to say, the lines south of Selma and south of Montgomery and the line running east from Pensacola.

Com'r PROUTY. Have you any idea what part of it originates on your line east of Pensacola and can you give any idea how
645* many miles into the interior you go for that lumber and at about what rate you transport it to Pensacola?

Mr. COMPTON. Well, a majority of the business which is exported from Pensacola moves over the railroad for short distances.

Com'r PROUTY. About how long distances?

Mr. COMPTON. Well, I think a fair average would be, say, 60 miles.

Com'r PROUTY. And do you get a considerable quantity of it on your line east of Pensacola?

Mr. COMPTON. There is a good bit of it that comes down streams there. That country is full of small streams. It is logged down and hauled by us into Pensacola.

Com'r PROUTY. I wish you would state about what rate for 50 or 60 miles that lumber pays into Pensacola?

Mr. COMPTON. Well, the maximum rate we get on timber to Pensacola is 5½ cents. I do not know the minimum, but I think it is about 3, say, from 3 to 5½. The low rate is accepted because it is in competition with streams. A great deal of the timber could be sent down by troughs and these little creeks. We have the lowest rates to the port of Pensacola on export business in this pine timber of any other port. These conditions have forced those rates.

646* Com'r PROUTY. That is all.

Mr. BAXTER. Take the witness.

Cross-examination:

Mr. GREEN. Mr. Compton, I understand you to say that your idea of the reasonableness of this rate is based upon the idea that rates were settled from 1889 to 1893 on a basis of 25 and 28 cents. Is that correct?

Mr. COMPTON. That is incorrect.

Mr. GREEN. What did you say?

Mr. COMPTON. I have not given an opinion as to the reasonableness of these rates, based on a 25 or 28 cent rate, or any other rate. I based my opinion on the rate in itself.

Mr. GREEN. Well, there has to be some standard to guide, and as this matter is all in an experimental state, I understood you to answer Commissioner Prouty that in your judgment conditions had become settled from 1889 to 1893.

Mr. COMPTON. I consider that the rates to-day in force are reason-

able rates. I think they are reasonable to the shipper; I think they are reasonable to the consignee. I think, so far as the carrier
647* is concerned, they are unreasonably low. They do not yield a fair average revenue.

Mr. GREEN. Kindly answer the question. I will ask the stenographer to read the question.

(The question was read by the stenographer.)

Mr. COMPTON. The conditions in 1893 and 1894 were unsettled.

Mr. GREEN. Were settled?

Mr. COMPTON. I say the financial conditions in this country in 1893 and 1894 were very bad. I say we reduced the rates at that time to a very low, an unreasonably low basis.

Mr. GREEN. The question is from 1889 to 1893, and we are talking about transportation rates, and not financial problems. Will you kindly answer the question as to whether, in your judgment, the transportation rates were settled as to the lumber business in this country from 1889 to 1893.

Mr. COMPTON. Were the rates settled?

Mr. GREEN. Were they in a settled condition?

Mr. COMPTON. I think during the period you refer to that the rate at that time was unreasonably low. I said awhile ago in answer to a question propounded by Commissioner Prouty that the rate of
648* 25 and 28 cents was measured by the conditions which prevailed on the west side of the river. Those rates of 25 and 28 cents were reasonable rates to the shipper, based on the condition of competition—that is, so far as it affected him. The rates at that time in effect, of 25 and 28 cents, were, in my opinion, unreasonably low rates from the carrier's standpoint.

Mr. GREEN. The question is whether or not from the transportation standpoint conditions were settled from 1889 to 1893?

Mr. COMPTON. I do not consider that they were settled or have been settled since.

Mr. GREEN. Then, what criterion do you judge by when you undertake to say they are now at a reasonable point?

Mr. COMPTON. I said this: that so far as the rate itself was concerned it is reasonable, and what I had in mind when I said it was reasonable was that it was reasonable to the shipper, to the producer, and that it was reasonable to the consumer; but I do not consider it a reasonable rate to the carrier. Now, this rate has enabled the yellow-pine producer to market his product in competition with other product. Therefore, that is a reasonable figure. It is rea-
649* sonable to him. Now, because you make something reasonable to him is no reason why you should consider it reasonable to you, although you are a factor and are forced to meet this condition. I say the rate might be reasonable to the shipper and yet unreasonable to the carrier, and yet to-day the Louisville & Nashville and other roads do not get the money out of this business they should get. It is unreasonable from the carrier's standpoint. It is shown by these exhibits that it is the lowest rate in the United States to-day with the exception of the Pacific coast rate.

Mr. GREEN. Did I understand you as going back to the period from 1889 to 1890 and giving the Commission the figures at which the rates

were then, 25 and 28 cents, as being a proper basis in your judgment for an average, which average would make, if I recollect your testimony right, about 26 cents a fair basis?

Mr. COMPTON. I did not say the 25 and 28 cents was about right. I have not said so and am not going to, because I do not think it is or was. I say this, that the rate to-day did not amount on an average to a restoration of the former rate, and the comparison was made as between the 25 and 28 cent rates, which produced an aver-
650* age of 26½ cents, with to-day's rate of 26 cents. That was simply a matter of comparison. I have not said a 25-cent rate was reasonable or a 28-cent rate was reasonable. I say those rates were unreasonably low and were forced low because of competitive conditions, due to the marketing of yellow pine lumber from west of the Mississippi River. Those conditions prevailing there forced the rate from this side of the river. Now, that was the thing that fixed the rate, and it fixed it, in my opinion, at an unreasonably low basis.

Mr. GREEN. Were you present in Washington at the conference there between the traffic men and the mill men in regard to this matter?

Mr. COMPTON. In Washington? I was not.

Mr. GREEN. Don't you know it is a fact that at that conference Mr. Hudson stated that the effort of the traffic men was to get back to the situation of 1889 to 1891?

Mr. COMPTON. I do not know anything about the conversation of Mr. Hudson or what he said.

Mr. GREEN. How long have you been in the railroad traffic business?

Mr. COMPTON. Since August 1st, 1871.

651* Mr. GREEN. I wish to read into the record as a basis of comparison from the Interstate Commerce Commission report of 1901 the average number of tons in a train that were carried from 1891 to 1901.

Com'r PROUTY. For the whole United States?

Mr. GREEN. Yes, sir; to show the increased capacity. In 1891 the average number of tons in a train was 181.67. It is recited that that was an increase of 10.41 per cent over the preceding year; in 1892, 181.79; 1893, 183.97; 1894, 179.80; 1895, 189.69; 1896, 198.81; 1897, 204.62; 1898, 226.45; 1899, 243.52; 1900, 270.85; 1901, 281.26; so from 1891 to 1901, 10 years, the average number of tons in a train had increased from 181.67 to 281.26. Now, will you say as a traffic man that, with that greater capacity of haul in a train by reason of improved conditions, that the standard of rates of 1891 would be a fair standard as a service rendered by the carrier to the public in the transportation of freight?

Mr. COMPTON. I do not think that has got anything to do with this case at all. I do not think it has any bearing. It has nothing whatever to do with this case. You can turn to the book there
652* and you will find for the same period the average rate per ton per mile received by the railroads of the United States has decreased. In this particular case the rate per ton per mile for this period seems not to have decreased. This is one of the things that moved during that period at a rate below the average, an unreason-

ably low rate—a rate which was forced by a competition which was potent, and that, in my opinion, will account for the rate which was in effect. This rate was not made 25 or 28 or 26 cents because of any other reason but that competition forced it. That is all there is to the proposition. The competition during that period was just as potent as it is to-day, and the rate per ton per mile received at that time was less than it should have been. It was less than the average. It was very much less. So far as the Louisville & Nashville Railroad is concerned, I will say that the average of all the yellow-pine lumber handled by the Louisville & Nashville Railroad is less than one-half the average we receive on the whole business. For instance, take it in Georgia, I have shown that we get in some cases less than 3½ mills. Our average rate per ton per mile on all business handled on our system for the fiscal year ending June 30, 1902, was 7.44 mills,
653* and yet here is lumber that does not pay us one-half of that.

I say those rates were unreasonably low. They were unreasonably low, and that is not a fair comparison.

Mr. GREEN. Mr. Compton, if in 1891 you had an average number of tons in a train of 181.67, and your earning capacity was limited by that, would not you say that if in 1901 you had an average number of tons in a train of 281.26, you could afford to carry in 1901 at a less rate than you could in 1891?

Mr. COMPTON. I would not.

Com'r YEOMANS. We will take a recess until 2 o'clock.

At 12.30 o'clock p. m. the Commission took a recess until 2 o'clock p. m.

654* AFTER RECESS.

2 o'clock p. m.

Mr. GREEN. Mr. Compton, relatively speaking as a traffic man, what would you say as to the difference in the equipment for the transportation of freight in 1903, as compared with 1891, as to efficiency?

Mr. COMPTON. With respect to what part of it?

Mr. GREEN. With respect to your own road as to the equipment—greater or less efficiency?

Mr. COMPTON. I would say to-day that the efficiency of the rolling stock of the Louisville & Nashville Railroad had improved.

Mr. GREEN. What per cent since 1891?

Mr. COMPTON. I could not tell you exactly. That would be an impossible thing to do, but I will say substantially.

Mr. GREEN. Well, what has been the increase of capacity of your locomotives, for instance?

Mr. COMPTON. Well, I could not give you a percentage, but I would say a substantial improvement in capacity.

Mr. GREEN. About how much? What did the locomotives in 1891 weigh?

Mr. COMPTON. I am not familiar with the weight of locomotives.

655* Mr. GREEN. What was the tonnage capacity of your box cars in 1891?

Mr. COMPTON. Well, in 1891 a majority of our equipment was about, say, 40,000 pounds. There was some of our equipment which

had a capacity of a little more than that. We might have had some few as high in capacity as 50,000 pounds. At present our maximum capacity of box cars is 65,000 pounds, and we have, of course, in our equipment now cars of lesser capacity; that is, old equipment that is not worn-out and has not been set aside. I do not think I could give a fair estimate of the average box car capacity on the Louisville & Nashville, but I could take the equipment guide and get it for you.

Mr. GREEN. I wish you would take the equipment guide and get the average freight car capacity in 1891 and in 1903, and file it as an exhibit.

Mr. COMPTON. You did not ask that; you asked for the box car capacity.

Mr. GREEN. Well, if you are going to prepare it for one, prepare it for all.

Mr. COMPTON. Yes; I can do that.

Mr. GREEN. Also the relative capacity of the traction power of
656* your locomotives. Do you know anything of the exhaustion of white pine of your own knowledge?

Mr. COMPTON. Yes, sir.

Mr. GREEN. Did you ever take a census of it to ascertain the percentage of its exhaustion?

Mr. COMPTON. I have looked into it in this way: I have very carefully for a number of years watched the matter of yellow pine interests in the North. We started a great many years ago to develop this pine in the South. We felt that our development largely depended on the depletion of the northern forests.

Mr. GREEN. Without attempting to curtail you, we are all in a hurry—I would be glad if you would give me your opinion as to the number of feet, or about the number of feet, of white pine now in the Northwest.

Mr. COMPTON. Well, I will state, Mr. Green, that I have depended largely upon what I considered the best information.

Mr. GREEN. What is that?

Mr. COMPTON. I have depended largely on the United States Census Bureau report. I have not got them in my head, but I should be glad to give you any information from the reports you desire.

657* Mr. GREEN. Don't you recollect the statistics are that there are sixty billion feet of white pine standing in the Northwest?

Mr. COMPTON. I do not know.

Mr. GREEN. That can be ascertained from the Bureau of Forestry, can it not?

Mr. COMPTON. Yes, sir. I will say this: We have several parties located with us within the last two years who have come from that territory to us for the development of yellow pine, and very large interests. One of them is the Jackson Lumber Company, of Florala, Alabama, with a capacity of 250,000 feet a day; another is the Alger-Sullivan interest, of about the same acreage, with a capacity of about three hundred thousand feet a day; and another is the Stearns Lumber Company of Michigan, in the vicinity of Pensacola, with 175,000 acres of yellow pine. These three interests have come to us within the past 3 years, and I have had personal contact with each of them. I have gone into the matter with them. In fact, I was in

a measure responsible for the location of one of them. Mr. Culver is connected with the Stearns Lumber Company, and is figur-
658* ing on 150,000 acres more. I think that will go to prove that there is a marked difference in the conditions north and south as compared with what they were previously.

Mr. GREEN. You have produced here as Exhibit Q to your testimony a statement showing proportions, which are regular tariff rates, accruing to lines north of the Ohio River crossings, Cairo to Cincinnati, inclusive, in the division of rates on lumber from southern territory to the points of destination named, naming a number of points, and you make an average rate per ton per mile of 6.91 mills. Now, the value of that exhibit would depend upon the representative capacity of the points selected, would it not?

Mr. COMPTON. I selected what I considered representative points in the States named, and representative points of consumption. They fairly represent what can be truthfully termed a representative territory of consumption.

Mr. GREEN. That is not the question. The question is whether the value of this exhibit does not depend on whether these points are representative points or not.

Mr. COMPTON. That statement, which contains 32 representative points of destination, which I have used uniformly through all
659* these statements, shows a comparison of the rate per ton per mile accruing north of the Ohio River. It shows the rate per ton per mile accruing from the four yellow-pine producing territories to the same points of destination, and in some of the exhibits the proportions to the Ohio River—the proportions which accrued to the Ohio River on business destined to those same 32 points are shown. So, if those are fair average points of consumption, your comparison of the rates, wherein you arrive at the rates themselves, the distances, the average of the rates, the average of the distances, and the average rate per ton per mile is a fair comparison and is illustrative of the rate per ton per mile accruing north of the Ohio River and south of the river on this yellow-pine business. I say you have a fair statement there and one that can not be questioned, and as to its correctness you can rely absolutely that it is correct.

Mr. GREEN. Did you make this compilation?

Mr. COMPTON. All those compilations were made under my direction. Those figures were made in my office and checked back with adding machines.

Mr. GREEN. Did you make them yourself?

Mr. COMPTON. No, sir.

660* Mr. GREEN. Did you select the points?

Mr. COMPTON. I did.

Mr. GREEN. And directed some one else to do the work?

Mr. COMPTON. Yes, sir.

Mr. GREEN. In this Exhibit Q we find from Cairo to the several points the rate per ton per mile is 5.77 mills, while as to all points the rate is 6.91. Now in this inquiry, inasmuch as Cairo is the basing point on which all these rates are made, would it not have been the proper thing to have taken the average rate per ton per mile through Cairo instead of through all these points—Evansville, Cincinnati,

Louisville, and so on—Cairo being the shortest line and the rate being based on the shortest line?

Mr. COMPTON. As to what that statement shows, it is this: I do not think there is anything you can desire in the way of a rate, a division of a rate, or a rate per ton per mile, or a distance that can not be found in that statement. If you can ask me a question as to distance, rate, rate per ton per mile by any gateway that is not there, I will say the statement is no account.

661* Mr. GREEN. If you will kindly answer the questions and not go into matters not responsive we would get through quicker, and we are all in a great hurry here.

Mr. COMPTON. I do not think you were quite as particular when you had one of your witnesses on the stand.

Mr. GREEN. I am not desirous of cutting you off from any explanation you desire to make, but I do not care to consume my time and the Commission's time needlessly. The answer to that last question was wholly irrelevant.

Mr. COMPTON. I propose to answer the questions in an intelligent way as far as my intelligence goes, but I do not propose to answer a question "yes" or "no" when that is not the answer.

Mr. GREEN. In making up this Exhibit Q, inasmuch as the rate actually paid is based on the shortest route and inasmuch as Cairo as a basing point is the shortest route from the territory of the Central Yellow Pine Association, would it not have been better to have taken Cairo, with its rate of 5.77, as you make it, than the average of these other points—Evansville, Louisville, and Cincinnati—6.91, as you make it?

662* Mr. COMPTON. Cairo is not the shortest basing point. Cairo is the shortest basing point when you figure the rate—16 cents is shorter than 19 or 20—but Cairo is not the shortest distance, and you have no right to assume it is. You think because down in Mississippi you have the shortest distance to Cairo, everything works through Cairo and makes through Cairo. It does not.

Mr. GREEN. Is it not a fact that the lowest combination governs?

Mr. COMPTON. Yes, sir.

Mr. GREEN. Is it not a fact that according to your Exhibit M here you make the distance to Cairo from yellow-pine territory in Alabama over the Mobile & Ohio 432 miles?

Mr. COMPTON. That is the distance to Cairo from Yellow Pine.

Mr. GREEN. Now, Cairo is the shortest distance, is it not, as a basing point?

Mr. COMPTON. The short distance to the Ohio River from Yellow Pine is Cairo, but the business does not move by the short line always.

Mr. GREEN. But the rate goes with it?

663* Mr. COMPTON. You are doing this: You are figuring that the distance to Cairo is less than it may be to Cincinnati or Louisville, but you lose sight of the fact that the distance north of Cairo is greater than from Cincinnati or Louisville. This is a through rate. We are finding what is the reasonableness of a rate to destination, not what you use to Cairo to produce a total. The rate to Cairo is nothing but a measure. That is something to fix a total. It is nothing else. You must figure what is the rate from all this important territory and all these important groups of destination—of consumption. That is the fair way to figure that thing.

You have the distance from each point to each point, the distance from all points to each point, the distance from all points to all points, by each and every gateway, and the rate per ton per mile.

Mr. GREEN. From any given point in the central yellow-pine territory to Rock Island, Illinois, is it not a fact that the rate to that point is made on the lowest combination?

Mr. COMPTON. I think so.

Mr. GREEN. And if the lowest combination is through Cairo, it is made on Cairo, is it not?

664* Mr. COMPTON. Yes, sir. Now, wait a minute. I want you to understand this: The lowest combination may be Cairo, but the distance——

Com'r YEOMANS. Mr. Green, is there not some way you may ask these questions and get an answer to each one? Our time is worth something here. We do not want a long speech in answer to every question. If there is no better way, you better take the statements as they are.

Mr. GREEN. I was endeavoring to get an answer, your honor.

Com'r YEOMANS. You do not seem to be able to do it.

Mr. BAXTER. The other side were allowed to hold forth here for two or three hours at a time and make long speeches.

Mr. COMPTON. I am going to give you the facts concerning those statements, and that is all they will be.

Mr. GREEN. Is it not a fact that on this Exhibit Q it purports to give the rates to points north of the Ohio River through the several gateways, and that these rates north of the Ohio River are all locals and not combination rates?

Mr. COMPTON. This statement purports to give a tariff rate from the Ohio River to destination.

Mr. GREEN. Those are locals, are they not?

Mr. COMPTON. Yes, sir.

665* Mr. GREEN. They are not combinations?

Mr. COMPTON. They are the tariff rates.

Mr. GREEN. They are not combinations?

Mr. COMPTON. They are tariff rates; no, sir.

Mr. GREEN. Is it not a fact that the combinations are always lower than the locals?

Mr. COMPTON. I never heard of such a question. The idea of two rates being less than one. That is the most ridiculous thing I ever heard of.

Com'r PROUTY. These rates to-day are made by adding together the locals to the Ohio River and the locals from there, but the lowest rate that can be made that way is the rate that determines between two given points. That rate makes through Cairo in Illinois and in Indiana and in most of Ohio, except for a little territory near Cincinnati or near Louisville. Now, when the railroad comes to transport that traffic, they do not transport it through Cairo necessarily. The Louisville & Nashville does not run to Cairo. They transport it to some Ohio River crossing. They pay the road that leads from that crossing to destination its local rate, and they keep the balance of the through rate as their part. Is not that right?

666* Mr. COMPTON. That is correct.

Com'r PROUTY. What Mr. Compton has done is to figure out to you the division of the line south of the Ohio when the traffic

is taken through any of these gateways. Whether that is a fair thing to do is a matter of argument.

Mr. GREEN. What I wanted to show in that connection was that the rates north of the Ohio River were locals, whereas those made south of the Ohio River were combination rates, and that the average per ton per mile of the several roads under the combination rates were not the same or made on the same basis as those local rates, and that therefore in that particular this statement was without effect.

Com'r PROUTY. As I understand it, every line that hauls that freight north of the Ohio River receives its full local rate.

Mr. COMPTON. That is correct.

Com'r PROUTY. Every line that hauls it up to the river does not receive its local rate necessarily. It may be more or less. It is the balance of the through rate.

Mr. COMPTON. That is correct with one exception—that the line to the river can not in any case get more than its local.

667* Mr. GREEN. That reduces the question to one as to what divisions the several roads get south of the river, does it not?

Mr. COMPTON. Yes, sir. Now, the Louisville & Nashville Railroad has its own rails from these producing points to the Ohio River. It is natural that the Louisville & Nashville would get it all. We have a line to Cincinnati, Louisville, and Evansville. We get all of it. We have a through rate. We allow a local, and the rest is ours. The rate per ton per mile that is left us on an average is 4.81 mills.

Mr. GREEN. Now, you are speaking of Exhibit J. Does that embrace the lumber originating on your own line?

Mr. COMPTON. Take the map on the back. That will show where it originates.

Mr. GREEN (referring to map). It originates at all these points?

Mr. COMPTON. Yes, sir.

Mr. GREEN. Does it embrace the lumber that is delivered to your road at Birmingham and north?

Mr. COMPTON. There is no producing territory north of Birmingham.

Com'r PROUTY. Don't those statements in every case show

668* the origin of the lumber?

Mr. COMPTON. In every case.

Com'r PROUTY. And don't they show whether it originates on your line or on other lines?

Mr. COMPTON. Yes, sir.

Com'r PROUTY. Mr. Compton produced at Atlanta some very complete statements. These statements showed the points of origin, whether on his lines or other lines; so, when you take them you can tell the basis on which the earnings are figured. You need to know his divisions with the Central of Georgia or some other line where the lumber does not originate on his line in order to ascertain his earnings on that lumber.

Mr. GREEN. The statement purports to be a statement showing proportions accruing to Louisville & Nashville Railroad, south of Ohio River crossings, Cairo to Cincinnati, inclusive, in the division of lumber rates from Louisville & Nashville stations to destinations named. That not only embraces your own initial carriage, but also all lumber that is delivered to you?

Mr. COMPTON. No, sir; it shows on the map just what it is,
669* and does not show anything else. That statement is the movement from Alabama and Mississippi by the Louisville & Nashville Railroad over its own rails, which serve saw mills on its own line.

Mr. GREEN. Confined to your own line?

Mr. COMPTON. Entirely. I want to say to you that that shows the most favorable basis you can obtain. Why? Because we get all the money. We do not divide with anybody.

Mr. GREEN. That is what I want to ascertain, whether this is traffic that arises on your own rails, or whether it is traffic that arises on other rails and is delivered to you?

Mr. COMPTON. No; it is traffic that originates with us, and with which we part company at the Ohio River.

Mr. GREEN. In your Georgia examination, on page 771, you say the recapitulation also shows "that the average of the rates per ton per mile accruing south of the Ohio River from all said points of origin to all said points of destination via all said Ohio River crossings is 5.17 mills." Is that the same sort of statement as this?

Mr. COMPTON. What that refers to is the movement from Georgia in connection with the Louisville & Nashville Railroad, which is shown in another exhibit.

670* Mr. GREEN. This is not the same character of exhibit as the one in the Georgia case.

Mr. COMPTON. The exhibit to which you refer is not in this testimony.

Mr. GREEN. I was referring to the Georgia exhibit as being explanatory of the exhibits here.

Mr. COMPTON. That is not in this testimony. I will be very glad to answer the question if I can get the exhibit.

Mr. GREEN. The question is in regard to the proportion, as I understand it, south of the Ohio River, just as you prepared it here for your own road south of the Ohio River in this case.

Com'r PROUTY. He has still another exhibit in this case, I think, that selects points not on his line, but on other lines, and you will find in each case that the exhibit itself shows with perfect clearness.

Mr. COMPTON. I will tell you what that exhibit is.

Com'r PROUTY. You need not take time to do that.

Mr. COMPTON. I simply showed what the revenue per ton per mile was by the long line and the short line.

671* Mr. GREEN. This is the exhibit you refer to, Exhibit M (referring to exhibit). It shows the rates on lumber in carloads from representative points of origin on the New Orleans & Northeastern Railroad, Mobile & Ohio Railroad, Illinois Central Railroad, Yazoo & Mississippi Valley Railroad, and the Gulf & Ship Island Railroad, together with distances, to 39 points of destination, which are representative consuming points of yellow pine lumber on the Ohio River and beyond, and are the same points of destination as used in Exhibits J, L, and K. The points taken there are what you call representative points, and they range in rate per ton per mile from 6.90 down to 5.32, and you have adduced, as an average rate per ton per mile, 6.21 upon the lumber that is moved from all this territory over all these lines.

Mr. COMPTON. To those points named. That is correct.

Mr. GREEN. Now, for instance, take Cairo, Illinois, proper. Over the Illinois Central it is 482 miles. The rate is 16 cents, and that is made to bear an average rate per ton per mile of 6.50, when you run it out.

Mr. COMPTON. I beg your pardon. It does not show that [referring to exhibit]. The points of origin I selected in
672* this case, five in number, are points at which saw mills are located which are interested in this complaint. I selected those points purposely, because they were the complainants. I have taken each of these points of origin to Cairo, Illinois. I have shown the mileage to Cairo from each of these points by the short line. An average of these rates from all these points to Cairo, Illinois, is 6.5 mills per ton per mile.

Mr. GREEN. That is what I said.

Mr. COMPTON. If you will take each individual one and figure it, it will not vary but slightly.

Mr. GREEN. Now, take the Illinois Central to Cairo, Illinois, proper, without reference to the mileages on these other roads, which have longer or shorter mileages, as the case may be, what would be the rate per ton per mile on lumber from Kentwood, La., to Cairo, Ill., over the Illinois Central? I want to know what the effect would be if you discard the whole table except Kentwood to Cairo. What would be the rate per ton per mile from Kentwood to Cairo?

Mr. COMPTON. 6.64 mills.

Mr. GREEN. Now, suppose you made it on McComb City,
673* which is near the center of the yellow-pine territory than Kentwood, Kentwood being on the extreme southern end of it, what would it be?

Mr. COMPTON. If some one will give me the distance from McComb City, I will tell you.

Mr. BOWES. It is 442 miles from McComb City to East Cairo.

Mr. COMPTON. That is 7.24 mills.

Com'r PROUTY. Who owns the bridge at Cairo?

Mr. COMPTON. I think the Illinois Central owns it.

Mr. GREEN. Don't you know the Illinois Central owns it?

Mr. COMPTON. I stated that I thought they built it. If it would not be improper, I desire to state that in figuring these rates per ton per mile in all cases I allowed north of the north bank of the Ohio River the tariff from those points. I did not deduct the Ohio River transfer. If that had been done, the rate per ton per mile would have shown less.

Com'r PROUTY. The 16-cent rate is to the north bank of the Ohio River?

Mr. COMPTON. Yes, sir.

Mr. GREEN. What did you make it from McComb City?

Mr. COMPTON. 7.24 mills.

674* Mr. GREEN. Now, take out the 2 cents Cairo bridge charge and see what it would be?

Mr. COMPTON. It is simply a matter of calculation.

Com'r PROUTY. I think it is hardly worth while to take time to make these figures now.

Mr. GREEN. In making that table—Exhibit M—you used an aver-

age mileage basis of all these roads of 885 miles, did you not, in order to arrive at your 6.50?

Mr. COMPTON. The average distance from all these points of origin to all these points of destination is 885 miles. Now, the average rate is 27.49 cents, and the average rate per ton per mile 6.21 mills.

Mr. GREEN. Mr. Compton, do you know what per cent the expenses of the Louisville & Nashville road bore to the earnings during the year 1902—for the fiscal year ending June 30, 1903?

Mr. COMPTON. I do not.

Mr. GREEN. I hold in my hand a certified copy of the returns made by the Louisville & Nashville Railroad Company to the Mississippi State railroad commission for the year ending June 30, 1903, in which, on page 45, it is recited that the percentage of expenses to earn-

675* ings entire line were 62.30, and the percentage of expenses to earnings in Mississippi were 62.30. Is that a fair statement of the fact?

Mr. COMPTON. I do not know anything about the paper you have in your possession, but I will say to you that such information as that is furnished to the Interstate Commerce Commission and to the different railroad commissions of the States we traverse, under oath by the auditor.

Mr. GREEN. The railroad makes one to the railroad commission of the State of Mississippi under oath, does it not?

Mr. COMPTON. Yes, sir.

Mr. GREEN. And this is a certified copy of the return?

Mr. COMPTON. I do not know anything about that. I do not know what it is.

Mr. GREEN. Examine it [handing paper to witness]. There is the certificate of the Mississippi commission to it [indicating].

Mr. COMPTON. I do not know anything about this.

Mr. GREEN. We offer this in evidence.

(The same is hereto annexed and marked "Exhibit XX.")

NOTE.—The foregoing Exhibit XX, being a certified copy of certain returns made by the Louisville & Nashville Railroad Company to the Mississippi railroad commission is omitted for the reason that it corresponds with similar returns made to the Interstate Commerce Commission, which, under the stipulation of counsel, of July 14, 1905, can be referred to by either party on the hearing of this cause.

676* Mr. GREEN. Returning to the annual report of the Louisville & Nashville road for the year 1902–03, which we will offer in evidence by reference, as it is on the files of the Commission, it shows that in 1893–04 the net earnings per mile were $2,405.49, and by steady increases, except in 1901–02, when there was a slight decrease, it increased to $3,337.83 per mile, and that the percentage of expenses to earnings in 1893–94 was 62.53 per cent, and in 1902–03, 67.62 per cent. Turning to the passenger and freight statistics, page 16 of the report, we find operating expenses per mile of road in 1902–03, as compared with 1901–02, to have increased 10.9386 as a percentage of increase and the net earnings per mile of road 13.1943; and turning to page 13, under the head of "Equipment" it is recited: There has been charged to operating expenses, freight-car repairs, the sum of $2,352,475.45.

Com'r PROUTY. In what time?

Mr. GREEN. For the fiscal year. Then come the recitals of said report in regard to the bridges and equipments of railroads. I will not take the time of the Commission to refer to them. Mr.

677* Compton, is it not a fact that the Louisville & Nashville refuses to allow its cars to go off its line to the Gulf & Ship Island Road?

Mr. COMPTON. For what purpose?

Mr. GREEN. Any purpose.

Mr. COMPTON. No, sir; it is not true.

Mr. GREEN. To what extent is the refusal?

Mr. COMPTON. The Louisville & Nashville Railroad formerly had in rates on lumber from the Gulf & Ship Island Railroad to points on the Ohio River and north. Those are known as the standard yellow-pine lumber rates to the Ohio River and beyond. The Illinois Central Railroad allowed the Gulf & Ship Island Railroad to Jackson a proportion of 7 cents per hundred pounds in the division of the rate. The Louisville & Nashville Railroad, in order to participate in this business, would naturally have to allow the same proportion to the Gulf & Ship Island Railroad, and when you get to Gulfport, 70 miles east of New Orleans, you are a greater distance from the Ohio River than the point from which the lumber started to move. After allowing this arbitrary and taking the remainder, which would average, say, 9 cents per hundred pounds, there would be nothing left in the business for us, and we simply retired

678* from the business. That is why we do not send our cars to the Gulf & Ship Island Railroad, because we do not participate in the movement and because it is unremunerative.

Mr. GREEN. What did you get when the rate was 14 cents?

Mr. COMPTON. Well, it would be this way: Whatever the difference might be as between 14 and 16 would occur in the division of the rate. That is, if the rate to Cairo is 16 cents and the proportion 7 cents, you would have 9 remaining. If you had a 14-cent rate and deduct 7, you would have 7 left.

Mr. GREEN. How far is it from Gulfport to Louisville?

Mr. COMPTON. 741 miles.

Mr. GREEN. Over a mountainous country via your road, is it not?

Mr. COMPTON. In part; yes, sir.

Mr. GREEN. What proportion does the Louisville & Nashville get of the cars of lumber shipped out from Hinton's mill on the cars that come from the Louisville & Nashville up the Gulf & Ship Island?

679* Mr. COMPTON. Hinton's mill is located at Lumberton. We do not participate in business from Lumberton.

Mr. GREEN. Don't any of your cars go up there and load that lumber and return to your line?

Mr. COMPTON. No, sir; we retired from the Gulf & Ship Island for the Ohio River and beyond. We do have business going from New Orleans and Mobile to Gulf & Ship Island stations; that is, grain, hay, and other commodities going in there for use in that territory. We do not want those cars returned to us any way but empty. We do not want them with a load, because there is no money in the business. We have had cars belonging to our company—that is, a Louisville &

Nashville car might go out by some other railroad without our consent.

Mr. GREEN. The contractual division of the Illinois Central with the Gulf & Ship Island of 7 cents excludes your competition for that business?

Mr. COMPTON. I did not say that. I say the business is not attractive to us.

Com'r PROUTY. Did you at one time participate in that business?

Mr. COMPTON. Yes, sir.

Com'r PROUTY. For how long a time?

680* Mr. COMPTON. Probably 3 or 4 years.

Com'r PROUTY. How long since you retired?

Mr. COMPTON. I can not give the exact date. It has been some months. I will say to you that the reason I did not retire before was because I overlooked the matter.

Mr. GREEN. Have not you a rate in effect over the Gulf & Ship Island now?

Mr. COMPTON. No, sir; not on lumber.

Mr. GREEN. How much of a division would you want in order to justify you in doing business over the G. & S. I.?

Mr. COMPTON. That would depend on conditions. It would depend on the attractiveness of the business, based on the conditions that prevail at the time the matter might come up.

Mr. GREEN. Suppose it was up.

Mr. COMPTON. If it were up to-day, I would say we did not want it at all.

Com'r PROUTY. Why?

Mr. COMPTON. Because it is not attractive. There is nothing in it.

Com'r PROUTY. Because the cost of transporting it is so great.

Mr. COMPTON. Because the revenue derived from it is

681* not, in my opinion, remunerative; that is, the expense incident to handling this business is too great in proportion to what we receive.

Com'r PROUTY. Did you retire from the business before or since April 15th last?

Mr. COMPTON. Subsequent to that.

Mr. GREEN. Could you not be induced with a rate in of 16 cents on any terms to go on to the Gulf & Ship Island and do the business?

Mr. COMPTON. When the Gulf & Ship Island Railroad was first constructed, the rates from that road were made on what we call the sums of the locals—that is, for instance, the rate to Cairo was 14 cents. Their rate was made 3 cents higher than the Hattiesburg rate. For instance, if their rate was 14 cents, then the basing rate from Gulf & Ship Island stations to Cairo was 17 cents. In the division of the rate the Gulf & Ship Island received from local stations 3 cents per hundred pounds, and from Gulfport the same. Subsequent to that the Gulf & Ship Island Railroad's through rates were made the same as opposite stations on the Northeastern Railroad.

682* The Louisville & Nashville and the New Orleans & Northeastern Railroad allowed 3 cents to Hattiesburg and Gulfport, respectively, on this lumber business, and we remained in it. Then, after the road was completed to Jackson, the Gulf & Ship Island road was in position, I think, to trade its business and get the best available

division, which is perfectly legitimate, and which I would do under the same circumstances.

Mr. GREEN. Then you think the transaction between the G. & S. I. and the Illinois Central, whereby the Illinois Central gets control of the tonnage, is a sale of tonnage?

Mr. COMPTON. I did not say so. I say it is a legitimate transaction between the G. & S. I. and the Illinois Central. It may be a bad trade. It is a thing they both had a right to do. The Illinois Central thought it wise to take the business, and I suppose the Gulf & Ship Island thought it was wise to give it to them.

Mr. GREEN. What does it cost to load a flat car with lumber in the average movement of lumber?

Mr. COMPTON. Well, I should say on the basis of one dollar to one dollar and ten cents a day.

Mr. GREEN. How many hands would it take to load a car
683* containing 40,000 pounds of lumber?

Mr. COMPTON. That would depend on the loading point largely and the facilities for loading. I have seen places you could skid lumber from the receptacle, the place it was received—you could skid it from the saw onto the car. In other places you have to take it from the ground.

Mr. GREEN. Suppose it was taken in wagons to your regular station, what would it cost you a thousand to load lumber?

Mr. COMPTON. On flat cars?

Mr. GREEN. Yes, sir; first on flat cars.

Com'r PROUTY. Do you want to show that he does not know anything about it?

Mr. GREEN. No, sir; I take it he is an experienced traffic man and knows all about it. The purpose of the question is to show that the railroad companies are relieved from this charge of loading and unloading.

Mr. COMPTON. I think I can give you a fair statement concerning the cost of loading and unloading cars. I was local freight agent for our company a number of years, and we were always re-
684* quired to show what it cost. I was local freight agent at Louisville for a number of years, and it never cost more than 42½ cents a car for loading lumber in that station.

Mr. GREEN. Is there not a large movement of lumber from stations on your line to Cincinnati, Louisville, and Evansville and points based on those places, on which you receive full locals over your road to such points and which realize your road from 2 to 6 cents higher rates than are shown in your exhibit?

Mr. COMPTON. No, sir; it is not true.

Mr. GREEN. What is the rate per ton per mile from Calera, a station on your road between Birmingham and Montgomery, to Cincinnati, Louisville, and Evansville on shipments to those points and points beyond basing on those points?

Mr. COMPTON. If you desire those figures made, Commissioner Prouty, I will make them.

Com'r PROUTY. You can make those figures, Mr. Green, as well as he can. It would be 540 or 550 miles—it is 600 miles from Montgomery to Cincinnati. Anybody can figure it out.

Mr. COMPTON. I will say there is no lumber at Calera—
685* none originating there and none likely to. There is a lime-kiln there and that is all there is there.

Mr. GREEN. Is it not a fact that, growing out of the congestion of the traffic last winter, your road has made a rule that its cars shall not leave its own rails?

Mr. COMPTON. Yes, sir.

Mr. GREEN. That was the reason of it—the congestion last winter?

Mr. COMPTON. I will say there are two ends to our rails—a southern end and a northern end. My answer meant this—we do not permit our cars to run north of the river—not to connecting lines south, but north.

Mr. GREEN. This rule of not allowing your cars to leave your own rails grew out of the congestion last winter, did it not?

Mr. COMPTON. Not altogether; it did in part. We have tried to control the routing of our business for the reason that we desired to get the maximum haul and maximum revenue and give the business to the best available route for time and other considerations; and to prevent irregularities to a large extent by the change of destination we have tried to control the movement of our traffic as far as
686* possible.

Com'r PROUTY. Do you, in fact, transfer cars of lumber at the Ohio River?

Mr. COMPTON. Yes, sir; we are not permitting our cars to go north of the river now.

Mr. GREEN. You can do it on this rate?

Mr. COMPTON. We do do it on this rate.

Mr. GREEN. Do it profitably?

Mr. COMPTON. We do not transfer anything profitably. That is an expense.

Mr. GREEN. You carry the lumber profitably, including the transfer?

Mr. COMPTON. I would not say that this lumber is handled at a loss. I think that would be an inconsistent thing to say, and I think it would be untrue. I say there is a profit in handling this lumber.

Mr. GREEN. How is that transfer made?

Mr. COMPTON. The transfer is made from car to car. The doors are placed opposite in box-car transfer or as near opposite as convenient, and the transfer is made from car to car by hand. The same is true of flat cars.

Mr. GREEN. On which side of the river?

687* Mr. COMPTON. Well, at Cincinnati we transfer at a point called Latonia, on the Kentucky side; at Louisville on the south bank.

Com'r PROUTY. What does it cost you a car for that transfer?

Mr. COMPTON. I do not know. I have not seen a statement of it.

Mr. GREEN. Is that cost charged to the shipper?

Mr. COMPTON. No, sir; that is absorbed by us. We pay for it.

Mr. GREEN. That is all.

Mr. MILLER. Do you know whether the Illinois Central charges shippers for transferring anywhere?

Mr. COMPTON. I do not know.

Mr. MILLER. At East St. Louis, for instance.

Mr. COMPTON. I could not say. I do not know.

Mr. MILLER. I understood you to say you would feel bound to meet the western rates—that is to say, the Arkansas rates; that the roads east of the river have undertaken to do that and have done it. You think you are doing that now, do you not?

Mr. COMPTON. I think so.

688* Mr. MILLER. Suppose you were to ascertain, as a matter of fact, that the Arkansas roads, as a rule, allow to their shippers what is substantially a rebate of not less than 2 cents per hundred pounds on shipments to Cairo, and assume that your shippers are in the same situation as to the expense of producing these shipments—logging expense, do you think you would be meeting their rate?

Mr. COMPTON. I think that the practice of allowing the so-called tap-line proportion is wrong. I always have thought so. We never indulged in it and have no arrangements of that kind. We have always thought it was wrong and never thought it was justifiable. As to whether or not it was legitimate or lawful, I am not prepared to make any statement as to that.

Mr. MILLER. From what point of view did you think it wrong, if no illegal?

Mr. COMPTON. I think the principle is wrong. I think the carrier ought to have a fair return for its service. It ought to make rates from its own points. That is the place to put a mill, on the railroad, and not back in the woods.

689* Mr. MILLER. If the carrier was able to pay a tap line of not less than 2 cents per hundred pounds, would not that indicate that his rate without that was satisfactory to him?

Mr. COMPTON. It might appear that way on the face of it, yet there may be something behind it I know nothing about. But, generally speaking, I think the tap-line matter is a wrong that ought not to exist. That is my opinion about it, and if I did not think it was wrong I might have indulged in it myself.

Mr. MILLER. Suppose the Arkansas roads would give an open rate minus the tap line, which I understand is substantially allowed to all shippers over there, because they all have this logging equipment, would you then meet that rate?

Mr. COMPTON. Do you mean if they reduced their rates to Chicago, Ill., would we reduce ours?

Mr. MILLER. The question is so very simple I do not think it needs explanation.

Mr. COMPTON. I want to answer your simple question in as simple a way as I can.

Mr. MILLER. I will ask the stenographer to repeat it.

(The question was repeated by the stenographer.)

690* Mr. COMPTON. As I understand it, the rate to-day from Arkansas points to Chicago is 26 cents. That is what we undertake to protect from our territory. So far as conditions respecting tap lines are concerned, we have not met them.

Mr. MILLER. In these figures you produced here showing the average rate per ton per mile earned by the Louisville & Nashville in the transportation of yellow-pine lumber, you do not mean to say that that would convey a fair idea of the earnings per ton per mile on yellow-pine lumber in the aggregate absolutely, do you?

Mr. COMPTON. I do; yes, sir.

Mr. MILLER. Well, what becomes of the carriage of lumber to con-
Nashville Railroad on this yellow-pine traffic to the Ohio River

Mr. COMPTON. I do not understand that that matter is in controversy. I understand that the matter in controversy is the rates to Ohio River and beyond; not, for instance, from Brewton, Alabama, to Decatur, Alabama.

Mr. MILLER. We are looking into the earnings of your railroad system as justifying this advance.

Mr. COMPTON. I stated, and the exhibit shows, that the
691* average rate per ton per mile received by the Louisville &
Nashville Railroad on this yellow-pine traffic to the Ohio River and beyond is 4.81 mills.

Mr. MILLER. What about the aggregate? Suppose you take the aggregate of earnings on the transportation of yellow-pine lumber—would you undertake to say what it would average per ton per mile?

Mr. COMPTON. No; I have not such an average. I could not give the average rate per ton per mile on all the business.

Mr. MILLER. Would it be possible for you to have that worked out?

Mr. COMPTON. I do not think it would. We handle a great many different kinds of forest products. I do not think it would be possible for us to work up a statement to show that. It might be done, but it would be at a very great expense.

Mr. MILLER. Is there not a vast consuming territory for yellow pine on and south of the Ohio River in the territory traversed by the Louisville & Nashville Railroad?

Mr. COMPTON. That is true, and it pays more per ton per mile than this does.

692* Mr. MILLER. Does it pay much more?

Mr. COMPTON. It pays some more; to what extent I can not say.

Mr. MILLER. So, as a source of revenue to the Louisville & Nashville Railroad, yellow-pine lumber is much more desirable and satisfactory than would be indicated by these divisions of the through rate?

Mr. COMPTON. That statement shows the revenue we get for handling the business to the Ohio River. Whatever that does show is a concession on our part to the shipper of lumber. That is a concession to him in order that he may meet competition from other producing territories.

Mr. MILLER. You do not mean to refuse to answer my question?

Mr. COMPTON. I do not.

Mr. MILLER. You undertake to say, I believe, when the rate to Chicago was 28 cents by flat cars and 25 cents by box cars that it was really higher than the present rate of 26 cents by both?

Mr. COMPTON. I said it was higher on an average.

693* Mr. MILLER. What do you say to this statement of the case: Take a flat-car rate of 28 cents and a box-car rate of 25 cents and say the movement on flat cars is 30 per cent. For example, we will take 100,000 feet and say that 70,000 feet moved on boxes and 30,000 feet on flats; 25 multiplied by 70 would give $17.50, and 28 multiplied by 30 would give $8.40. The total would be $25.90. Instead of 26 it would be a fraction below 26, would it not, taking the

average? Suppose you look at those figures [presenting paper to witness]. If you substitute tons for feet I suppose the result would be the same, assuming the average weight to be the same.

Mr. COMPTON. This is simply a mathematical question. It can be worked out. I figure this way; that it is fair to take the average of the rate. I think that is fair.

Mr. MILLER. That is, the difference between 25 and 28?

Mr. COMPTON. Yes. Add the two together and divide by 2 is the same thing.

Mr. MILLER. You have introduced figures to enlighten the Commission and I ask you why those figures should not be taken also?

694* Mr. COMPTON. I have not said these are not correct. I say it is simply a mathematical calculation and shows for itself. The one I made does the same. I say that the rates in effect to-day do not amount to as much as a restoration of rates in effect previously on an average.

Com'r PROUTY. Well, now, take that example of Mr. Miller's and show us why. Suppose Mr. Miller had actually shipped in 1893 70 cars at 25 cents a hundred and 30 cars at 28 cents a hundred. Now, what is the average rate he pays per hundred?

Mr. COMPTON. That would be less than 26½ cents.

Com'r PROUTY. It would be less than 26, would it not?

Mr. COMPTON. That is the same proposition Mr. Miller makes. I think it comes out 25.9.

Com'r PROUTY. If a man pays 26 cents to-day for all that lumber, he pays more money than he would pay in 1893 if he shipped at those rates. If he paid 26 cents to-day for 100 cars containing the same number of pounds, does he not pay more money than he would pay if he made the shipment as there indicated?

Mr. COMPTON. Assuming he moves the lumber in the proportions as stated, with the same number of feet, or same weight on each car, that is true.

695* Mr. MILLER. Now, Mr. Compton, on this Exhibit J, in which you have figured the amount per ton per mile average earned by the Louisville & Nashville Railroad for carrying the lumber from points in Central Yellow Pine Association territory, I would like to ask you if it would not have been just as easy when you were making up your tables to have ascertained the quantity of lumber hauled over your line, or at least to have taken some example where the lumber stopped at Louisville or at Cincinnati and upon which no local was paid to points beyond?

Mr. COMPTON. Well, I think you probably have not noticed another exhibit here. This Exhibit J shows the rate per ton per mile accruing to the line to the river on beyond business. The other statement shows the points beyond the Ohio River and also points on the Ohio River. I did that in order that you might have both.

Mr. MILLER. Did you undertake to give a general average taking the whole of it?

Mr. COMPTON. Yes, sir; it is in another exhibit here.

Mr. MILLER. Do you know what it was on what stopped at the Ohio River?

696* Mr. COMPTON. The whole thing is 5.92 mills; from Mississippi the average was 6.21 to the same points.

Mr. MILLER. Do you recollect what percentage of the total lumber

traffic you have that stops at Ohio River points—at Louisville and Cincinnati?

Mr. COMPTON. I think it is safe to say it is not over 10 to 15 per cent of it.

Mr. MILLER. That stops at those points?

Mr. COMPTON. I think not.

Mr. MILLER. Those two cities are in Central Traffic territory, are they not?

Mr. COMPTON. No, sir; they are considered Ohio River points.

Mr. MILLER. They are not in Central Traffic territory?

Mr. COMPTON. No, sir.

Mr. MILLER. Mr. Compton, what is the lowest rate per ton per mile that you, as a traffic man, would consider it safe to accept for the transportation of any commodity over your road?

Mr. COMPTON. I do not believe I could answer that question.

Mr. MILLER. You heard Mr. Barnett's statement the other
697* day about his estimate?

Mr. COMPTON. No; I was not present when he gave his testimony.

Mr. MILLER. He said he had been taught that 3 mills per ton per mile was necessary to cover operating expenses.

Mr. COMPTON. Well, I suppose he felt justified in making that statement. I am not competent to make a statement on the matter at all.

Mr. MILLER. Did I understand you to say that your statement showed your lumber shipments to Evansville and all local points on the Ohio River?

Mr. COMPTON. I do not know which one you refer to.

Mr. MILLER. Well, anyone of your statements.

Mr. COMPTON. Well, the statement I made showing the percentage of loading cars is for the month of March and shows everything to the Ohio River and beyond. The statement I made for a period of years in total shows the movement to the Ohio River and beyond.

Mr. MILLER. Do you know whether or not the tap-line practice prevails on the Mobile & Ohio Railroad?

Mr. COMPTON. I do not.

698* Mr. MILLER. Well, if anything of that sort existed, it was kept a secret, so far as you are concerned?

Mr. COMPTON. I have no knowledge concerning that matter at all.

Mr. MILLER. You do not know that they allow 3½ cents to a mill owner at Quitman?

Mr. COMPTON. I do not know.

Mr. MILLER. And 2 cents at Chicora?

Mr. COMPTON. I do not know.

Mr. MILLER. And 3 cents at Oak Grove and 3 cents at Yellow Pine—you never heard of that?

Mr. COMPTON. I do not know anything about that.

Mr. MILLER. Did not that develop at any time during this controversy that you heard a secret rebate of that kind was being allowed by the Mobile & Ohio?

Mr. COMPTON. I do not know anything about that matter at all. I think I heard here in the last two or three days that the Mobile & Ohio had something in the nature of a tap line—that is all I know about it.

Mr. MILLER. You do not deny the fact that for many years past very great improvements have been going on constantly, and are now going on, the object of which is to reduce expense in handling traffic?

699* Mr. COMPTON. I think that is the trend of affairs; yes, sir.

Mr. MILLER. Has there been any time in your experience or connection with the Louisville & Nashville when its returns have been considered satisfactory from all sources?

Mr. COMPTON. I do not think so.

Mr. MILLER. Do you know of any railroad where that has been the case?

Mr. COMPTON. I never heard of any corporation—that is, transportation company—that is satisfied with its operation. I would hate to say I was satisfied. I think I would be behind the times.

Mr. MILLER. What figures have you been aiming at? What return on the investment—what dividends, for instance—is the Louisville & Nashville a dividend paying road?

Mr. COMPTON. The Louisville & Nashville pays dividends now; yes, sir.

Mr. MILLER. How long has it been paying dividends?

Mr. COMPTON. Six or seven years. It suspended during the panic of 1893.

Mr. MILLER. Those dividends have been on the increase up to the time this extra rate was put on?

700* Mr. COMPTON. Yes, sir; our company paid a dividend last year.

Mr. MILLER. The net earnings have been on the increase for many years, have they not?

Mr. COMPTON. We have shown improvement in our operation for several years, but I do not mean that the net earnings have increased all the time.

Mr. MILLER. You have experienced, I suppose, that same decreasing increase, or increasing decrease, that the others have spoken of?

Mr. COMPTON. Yes, sir.

Mr. MILLER. That is all.

Com'r PROUTY. Mr. Compton, you said that 30 per cent of this yellow-pine lumber from Alabama and Mississippi over your line moved on flat cars. Is that the result of your experience? Have you caused some computation to be made so that you know that to be true?

Mr. COMPTON. Yes, sir; that is contained in an exhibit I filed in the Georgia case.

Com'r PROUTY. The exhibit filed in the Georgia case referred to the entire movement over your line from all points, did it not?

701* Mr. COMPTON. No, sir; the exhibit I filed there related to the business given us by connections, originating in that territory.

Com'r PROUTY. Does your statement include all the yellow-pine lumber that you moved to points on the Ohio River or north, or does it include merely that which originates in Alabama and Mississippi?

Mr. COMPTON. You mean the exhibit I made for a period of years?

Com'r PROUTY. I mean your statement here that 30 per cent of the lumber moves on flat cars?

Mr. COMPTON. In getting at that I used a representative month showing the movement.

Com'r PROUTY. Was it the month of March?

Mr. COMPTON. Yes, sir.

Com'r PROUTY. The same month you used for these other calculations?

Mr. COMPTON. That is true. The other exhibit, showing the movement for a period of years, commencing the first of January,
702* 1888, is the movement from producing points on our system and does not include connecting line business.

Com'r PROUTY. You said practically all the flat cars moved back empty. Is the movement of box cars on your line, the empty movement, north or south?

Mr. COMPTON. The volume of business by our line northward is about 25 per cent more than southward; that is, in tons.

Com'r PROUTY. The empty car movement is southward?

Mr. COMPTON. It might appear that way, but there are so many things to take into consideration, that I do not feel that I could give you an answer. Generally speaking the business from the Ohio River is in box cars. We have a large box-car business going back in the shape of iron, lumber, and commodities of that sort. The empty-car movement might show that we haul a great many cars northward empty for the reason that we do not use our open cars for any business except coal. For instance, the gondola cars and the flat cars will come south empty, because they come for lumber, but I think it is safe for me to say that the flat cars come south empty and that the preponderance of tonnage is northward, and therefore it is fair to assume that the empty movement is southward.

703* Com'r PROUTY. Do you know of any other section of the United States where there is a movement of lumber corresponding in volume and distance with this movement of yellow pine from the South to northern markets?

Mr. COMPTON. Well, I think I can answer yes to that. We have an extremely large business in forest products from Kentucky and Tennessee to the Ohio River, which largely goes to the East. There is a very heavy movement from the Ohio River to the East and from the Ohio River to the Middle States, and there is an extremely important movement from the Northwest into the Middle States and to the Western States. With that I am not as familiar as I am with our own affairs, but there is an important movement. I speak now of our own affairs. I do not know to what extent the Mississippi lines, the Illinois Central, and Mobile & Ohio handle yellow-pine lumber in proportion to the total handling of other lumber, but using the Louisville & Nashville as a test, the yellow-pine movement is not the greatest business we handle in lumber.

Com'r PROUTY. I wish you would file a statement showing the points of origin of all carloads of yellow pine originating on your line and shipped to the Ohio River or points north for the first
704* eleven months of this year. That would not be very much work, would it?

Mr. COMPTON. That would be a very considerable task.

Com'r PROUTY. At how many different stations do you originate yellow pine?

Mr. COMPTON. We might have as many as forty.

Com'r PROUTY. Could you not send to each of those stations and

have them send you the number of cars shipped? I do not care where it went, provided it went to Ohio River points or north.

Mr. COMPTON. I can have that done.

Com'r PROUTY. I do not care anything about the quantity of lumber. I want you to furnish a statement showing the number of cars of yellow-pine lumber originating on your line that went to points north of the Ohio River, or to the Ohio River and the stations at which it originated. I do not care for the lumber you received from connections, but simply the lumber that originated on your line and the point of origin.

Mr. COMPTON. I have that information just as you asked me to obtain it for you for this year, but I do not show the stations at which it originated. It originated south of Montgomery.

705* Com'r PROUTY. That is the principal thing I wanted—where it originated.

Mr. COMPTON. I will get that.

Com'r PROUTY. You filed a statement here showing the history of the rates at Cairo. Does that same statement show the rates at other Ohio River crossings?

Mr. COMPTON. Yes, sir.

Com'r PROUTY. Do you remember what the rate was at Cincinnati in 1889—from 1889 to 1893?

Mr. COMPTON. Yes, sir; I have it here.

Com'r PROUTY. Do you remember it?

Mr. COMPTON. No; but it is here in the papers.

Com'r PROUTY. I will ask you what effect it would produce on this rate situation if the present rate from points on your line and points east of your line to Cincinnati were to be reduced to 20 cents—the present rate is 24, is it not?

Mr. COMPTON. No, sir; the present rate is 23.

Com'r PROUTY. What would be the effect if it were reduced to 20 cents?

706* Mr. COMPTON. Well, that would make a corresponding reduction to Louisville, Owensboro, Henderson, and Evansville. It would reduce rates on business to those points proper 3 cents per hundred pounds. To territory north of the Ohio River it would reduce the rates to a part of the State of Ohio south of a line which might be drawn from Lawrenceville, Indiana, northeast to Buffalo, N. Y., except possibly some near-by points to Evansville and Louisville. It would not, in my opinion, reduce rates to points north of the Ohio River more than 10 to 15 per cent. I made a statement at the suggestion of Judge Clements after the Atlanta hearing. He instructed me to take the rates to the State of Ohio and reduce them 2 cents a hundred—that is, all the crossings except Cairo—to show what effect it would have on the total rate. I have prepared that statement. It will be sent along with an affidavit.

Com'r PROUTY. Did not I ask you at Atlanta to show what the effect of a reduction to a 20-cent basis to Cincinnati would be?

707* Mr. COMPTON. No, sir; the question was with reference to a 2-cent reduction, and, by the way, it was you that made the suggestion. You told me to do that.

Com'r PROUTY. I intended to say there a reduction of 2 cents, and also of 3 cents.

Mr. COMPTON. It can be shown on a 3-cent basis as well as 2, and I will prepare that.

Com'r PROUTY. Would the reduction of the Cincinnati rate to 20 cents, in your opinion, affect the present Cairo rate at all?

Mr. COMPTON. I think it would. My reason for that is this: If you reduce the upper crossings from down here in Georgia and Mississippi you would get a reduction from Texas and Arkansas to Cairo; then you have it all down. I think they would do it. You would wind up just where you are now. You would change the rate, but the relative adjustment would be unchanged.

Mr. MILLER. All the woods, or nearly all the woods, you have in view have a very distinct advantage over long-leaf yellow pine, as a rule, in regard to weight. I will ask you whether you know that to be a fact or not.

Mr. COMPTON. You mean in weight?

Mr. MILLER. Yes, sir.

708* Mr. COMPTON. Oak weighs more and poplar less.

Mr. MILLER. But the movement of oak and poplar is comparatively small compared with yellow pine.

Mr. COMPTON. I think our movement in oak and poplar exceeds our movement in yellow pine. I think if you add the weight of poplar and oak together and divide by 2, you will have a weight approximating the yellow pine weight.

Mr. MILLER. What about white pine and short-leaf yellow pine?

Mr. COMPTON. White pine weighs less. Short-leaf yellow pine, we have not any.

Mr. MILLER. What about hemlock?

Mr. COMPTON. Hemlock weighs as much as yellow pine.

Mr. MILLER. What about spruce and fir?

Mr. COMPTON. They weigh less.

Mr. MILLER. That is all.

709* JOHN F. WALLACE, a witness on behalf of defendants, having been duly sworn, testified as follows:

Mr. ANDREWS. State your connection, Mr. Wallace, with the Illinois Central, please.

Mr. WALLACE. I am the general manager.

Mr. ANDREWS. How long have you been general manager?

Mr. WALLACE. Since September, 1902.

Mr. ANDREWS. You mean general manager of the entire system, both north and south of the river?

Mr. WALLACE. Yes, sir.

Mr. ANDREWS. What was your connection with that company prior to your being made general manager?

Mr. WALLACE. Assistant general manager.

Mr. ANDREWS. Well, were the duties at that time of assistant general manager about the same as those of general manager?

Mr. WALLACE. Yes; practicaly so.

Mr. ANDREWS. There was no general manager?

Mr. WALLACE. There was no officer with that title prior to my appointment.

Mr. ANDREWS. What was your connection with that company prior to that time?

Mr. WALLACE. Assistant to the second vice-president.

Mr. ANDREWS. Prior to that time?

Mr. WALLACE. Chief engineer.

Mr. ANDREWS. How long have you been connected with the
710* Illinois Central?

Mr. WALLACE. Twenty-seven years; in a direct official capacity since January 1st, 1891.

Mr. ANDREWS. What was your business or profession prior to your connection with the Illinois Central?

Mr. WALLACE. I have been a civil engineer and railroad officer—sometimes together and sometimes separately.

Mr. ANDREWS. Did you ever hold any official positions in any well-known engineering societies; and if so, what were they?

Mr. WALLACE. I have been president of the Western Society of Engineers, and I was chairman of the organization committee; president of the American Railway Engineering Association, and I have been president of the American Society of Civil Engineers, and I am a member of the Institution of Civil Engineers of Great Britain.

Mr. ANDREWS. Of what State are you a native, Mr. Wallace?

Mr. WALLACE. I was born in Massachusetts.

Mr. ANDREWS. And now live in Chicago?

Mr. WALLACE. Yes, sir.

Mr. ANDREWS. The witness, Mr. Robinson—who I think ought to be called Professor Robinson, as he pretends to know everything—stated here the other day that by a very ingenious process used in making an increase in the capital stock within recent years the Illinois Central had paid large extra dividends to its stockholders by giving them the privilege of subscribing for additional stock at par.

I wish you would state whether the means used by that com-
711* pany in this respect were, in your judgment, the best practical methods of raising the money desired; and whether, raising it in that way, the stockholders referred to did receive these large extra dividends.

Mr. WALLACE. I considered it the best way. The issuing of additional capital stock by a large railroad corporation is a very delicate financial matter. Should that stock be put upon the market in the ordinary way it would very materially decrease the market value of not only the stock of that company, but it would have a tendency to lower the market value of the stock of other companies. It is impossible for any railroad manager or financier to tell at what rate he can place an additional amount of capital stock upon the market. No matter what sum may be assumed, unless it is one considerably lower than the market, why, it may cause a depreciation of the stock. There are three ways to put that stock on the market. One is to turn it over to an underwriting syndicate, which will take all the risk and pay the railroad company a certain amount of the stock; or, in other words, take the stock at a discount and charge enough to pay it a profit and to make it safe against any risk of depreciation. The second is for the company itself to gradually sell that stock, as the market can stand it, through brokers, putting it out gradually, so as not to depreciate the market value of the stock; and the third and most common way, and the way that is considered most equitable by railroad financiers, is to give the existing stockholders the right to take up the stock in proportion to

their holdings at par, if the stock is a stock that is ruling in
712* the market above par, and this latter is the method that has generally been pursued by the leading railway companies. The only way that that perhaps could enable a stockholder to make money would be in case he should be able to sell his rights—his stock rights—for the same amount, which would be a premium, and he would not have to buy that stock; or in case he should buy the stock at par and then should put that stock on the market and sell it at an advanced price. The facts have been that stockholders have not put that stock on the market in any large quantity and sold it and reaped that profit, for, as a rule, the value of railroad stocks has immediately depreciated as soon as the public knew that stock was to be issued.

Mr. ANDREWS. Well, the means used by the Illinois Central in such issue of stock, if I understand it, gave to a stockholder who owned five shares of stock the privilege of buying one share of the new stock at par, so that if you wanted to participate in that you would have to buy five shares of stock and pay $140.00, we will say, a share for that stock; that would make $700.00 for the investment, and then you would have the privilege of paying $100.00 for one other share, which would make $800.00. For that $800.00 you would have six shares of stock, which would make each share of stock cost you about, say, $133.00. Now, is it not a fact that when this privilege was given that the Illinois Central stock immediately declined—that is, the day after the books were closed—down to about the price that I refer to?

713* Mr. WALLACE. Well, I don't remember the exact facts in regard to that particular issue, but I know that it has been the case that all the issues of stock have caused a decline in the market value of the stock, and I am satisfied that the decline would have been sharper and more radical had that stock been put on the market, and our people in New York have had a great deal of difficulty in disposing of stock they have in their treasury, and it has taken a long period to do that, on account of the fact that whenever they attempted to make a sale of stock in any quantity it has immediately affected the market and caused a depreciation. To illustrate the ratio of depreciation, let us say that a number of shares of stock—stockholders—would be invited to enter a certain allotment, based, of course, upon the percentage that the new issue bore to the total issue of stock. Now, in case that percentage was one in five, a drop in the market of two cents on the original stock would be equivalent to that stockholder losing ten per cent of the money that he had invested at par in his original holding of stock.

Mr. ANDREWS. Well, Mr. Robinson also referred to certain sums of money set aside out of the income of what is called the "insurance fund." I wish you would explain briefly, Mr. Wallace, the purpose and object of this, and whether it is beneficial to the stockholder or who it is beneficial to.

Mr. WALLACE. Of course it is unnecessary to say that insurance, either by an individual or corporation, is simply an ordinary
714* business prudence. When an individual or corporation owns property, widely distributed and in large quantities, it is of course a question as to whether they cannot carry that insurance themselves; in other words, be their own insurers. Now, that is the case with the Illinois Central Railroad Company. The principal of

the insurance fund is this, that the ordinary insurance premiums are credited to a certain fund, and the losses——

Mr. ANDREWS. That is, the premium you would have to pay to your insurance company?

Mr. WALLACE. Have to pay an insurance company; and the losses are charged against that fund. Now, when an insurance company is formed it couldn't do business on that basis, because its first losses might exceed the fund which is to be created out of these premiums, so it starts with a capital. Now, the Illinois Central Railroad Company, to start this fund, set aside a certain amount of money which was to be the capital in this insurance fund. That capital was augmented by the premiums which were passed to the credit of that fund. The fund was still further augmented by the interest earned from the money in the fund which we might invest.

Mr. ANDREWS. The stockholders, then, do not get anything out of that fund?

Mr. WALLACE. No, sir. It is necessary to have a fund of that kind, because any day or any hour we might be subject to extraordinary losses by fire. We might lose our Stuyvesant docks in this city, in which we have hundreds of thousands of dollars invested, but
715* the stockholders of the railroad company would derive no benefit from that fund unless the company went into liquidation and it was wiped out and divided among the stockholders or in case the fund, through a long series of years, might accumulate such a profit over and above the cost of insuring the business of the company that it might be prudent to divide it up, but the object of that fund is not to make any credit or any benefit to the stockholders, but simply to keep the company whole in regard to losses by fire and provide for the replacement of the property so destroyed.

Mr. ANDREWS. The primary object, I suppose, is to insure the property of the company more economically than it could be done outside?

Mr. WALLACE. To do it at a lower cost than it could be done through an insurance company.

Mr. ANDREWS. Explain, Mr. Wallace, the benefits to the employees, to the stockholders, and to the public of this pension fund that has been referred to.

Mr. WALLACE. The idea of pensioning old employees who have served the company long and faithfully, upon the part of our company, was, primarily, one of sentiment and humanity. The benefit, however, that the company receives from that fund is in causing our employees to feel that in their old age they will be provided for, and to more thoroughly attach them and their interest to the Illinois Central Railroad Company and secure increased loyalty and faithfulness of service, and the public receives the benefit in the same indirect way, in that we feel that the employees who are provided for,
716* or know they are to be provided for out of a fund of that character, are more faithful, and are better employees than those who are not.

Mr. ANDREWS. So that not only the stockholders, but the public, are supposed to derive a benefit from that fund indirectly?

Mr. WALLACE. Yes, sir; in an indirect way. The company receives no financial benefit from that fund unless it should be accumulated and divided, and then they would only receive back what they

had paid individually into it, because it is not a fund that makes a profit.

Mr. ANDREWS. Mr. Robinson also referred, Mr. Wallace, to the fact that the Illinois Central had guaranteed four per cent on $10,000,000 of stock of the Chicago, New Orleans and St. Louis Railroad. I wish you would state what the capital of that company, the Chicago, New Orleans and St. Louis Railroad Company, was before the Illinois Central leased the property and acquired an interest in it, and what, if any, obligations the Illinois Central assumed in its guaranteeing this four per cent on this amount of stock.

Mr. WALLACE. The entire capitalization of that road——

Mr. ANDREWS. What was the road?

Mr. WALLACE. It was the line between Cairo and New Orleans, five hundred and fifty-odd miles in length, and my recollection is that in the transaction, or in a subsequent transaction, the Mississippi and Tennessee road that ran from Memphis to Grenada, which is about 100 miles in length, was also added. As near as I recollect it,

717* the entire capitalization of that property was taken at some $41,000,000, in round figures. The Illinois Central Railroad Company, in acquiring that property, or the lease, guaranteed four per cent on $10,000,000 worth of stock and assumed the payment of about, in round numbers—those are not the exact figures—but in round numbers, the sum of $16,000,000, if I remember correctly—$16,234,000, making a total of $26,234,000.00.

Mr. ANDREWS. And what is the difference between that and the $41,000,000?

Mr. WALLACE. $14,766,000.00.

Mr. ANDREWS. This property is now operated in connection with the Illinois Central Railroad proper, north of the river, is it not?

Mr. WALLACE. Yes, sir.

Mr. ANDREWS. Now, has the Illinois Central Railroad Company spent any additional money on that property since it acquired it?

Mr. WALLACE. In connection with my other answer, I would like to state that this $10,000,000 was not included in the Illinois Central's capitalization.

Com'r PROUTY. You take the interest on that as a fixed charge?

Mr. WALLACE. The interest on that is practically a fixed charge; yes, sir.

Mr. ANDREWS. Please state whether or not the Illinois Central, since acquiring that property, has spent any additional money on it in the way of betterments.

718* Mr. WALLACE. Up to June the 30th, 1903, the Illinois Central has spent $16,273,669 on this property in addition to the original capital.

Mr. ANDREWS. What has been the total cost of this property to the Illinois Central to June 30th, 1903?

Mr. WALLACE. That makes a total cost, counting this sum of $10,000,000, on which four per cent was guaranteed, $42,507,669. Now, in addition to this that portion of the road across the river receives the benefit of its share of the general equipment provided for the operation of the Illinois Central Railroad proper.

Com'r PROUTY. Now, just what does that capitalization of forty-odd million stand for—what lines—beginning at Cairo and coming down to New Orleans?

Mr. WALLACE. It stands in this way——

Com'r PROUTY. I simply want to know what lines that embraces. You have, for instance, others, or are there two lines?

Mr. WALLACE. It embraces the main line; this $42,503,669 embraces the line that I previously mentioned, from East Cairo to New Orleans.

Com'r PROUTY. By way of Jackson, Tennessee?

Mr. WALLACE. By way of Jackson, Tennessee; what we call the old main line, the Jackson route, and the Mississippi and Tennessee; the 100-mile branch from Memphis down to Grenada; that is, it's the old Chicago, St. Louis and New Orleans R. R.

719* Mr. ANDREWS. The division by way of Fulton is not included in that?

Mr. WALLACE. No, sir.

Mr. ANDREWS. I was saying something about the equipment of the Illinois Central.

Mr. WALLACE. I simply say that in addition to this sum of forty-two million and odd dollars, additional equipment had been provided for this line through the fact that the general equipment of the Illinois Central Railroad had been largely increased, and, of course, a part of it was used for the operation of this line.

Com'r PROUTY. I will ask if it includes your line from Cairo down to Grenada, to the main line, and also includes your line from Cairo to Memphis and from Memphis?

Mr. ANDREWS. No, sir; from Cairo through Jackson, Tenn., to New Orleans and the other branch there, from Grenada to Memphis.

Com'r PROUTY. But the line from Memphis to Fulton is not included?

Mr. ANDREWS. No, sir.

Mr. ANDREWS. Nor is the one that you call the Aberdeen line?

Mr. WALLACE. That's another line that is not included. That is a branch line.

Mr. ANDREWS. And is the Mississippi Valley included?

Mr. WALLACE. No, sir.

Mr. ANDREWS. Includes nothing except the line straight from Cairo to New Orleans and the branch from Memphis to Grenada?

720* Mr. WALLACE. Yes, sir.

Com'r PROUTY. It's really your main line from Cairo to New Orleans, and also the line from Memphis to Granada?

Mr. WALLACE. It's our main line; our own main line from East Cairo to New Orleans, and the branch from Granada to Memphis.

Com'r PROUTY. Now, then, the line from Fulton down to Memphis; is that a separate proposition?

Mr. WALLACE. That's a separate proposition.

Mr. ANDREWS. What did that used to be called?

Mr. WALLACE. That was the line that extended from Louisville, Ky., to Memphis by way of Paducah and Fulton, with several branches in Kentucky.

Mr. ANDREWS. Mr. Robinson also stated that if the Illinois Central had not paid this four per cent on this guaranteed stock, Mr. Wallace, that that additional amount it would have had with which to pay its own stockholders. Is this true?

Mr. WALLACE. Well, that implies such an absurdity I can answer

it better in this way: If the Illinois Central did not pay the interest on its bonds or did not pay any of its obligations it could keep all the money it took in, and it would have that much more to divide among the stockholders.

Mr. ANDREWS. If it didn't have to pay any out?

Mr. WALLACE. If it didn't have to pay any out. The four per cent guaranteed on this amount of stock was just as much an obligation on the part of the company and just as legitimate as the interest on its bonds or any of its other legal obligations that it assumed in the payment for its property.

721* Mr. ANDREWS. Mr. Robinson also made what he thought, I suppose, was a very startling discovery, that the Illinois Central, in its annual report for 1903, showed $56,403,311 of its capitalization to be watered, almost enough to create an overflow in the Mississippi River. What have you to say to this?

Mr. WALLACE. Well, I presume the only way he could attempt to make any showing of that kind was to take some items on one side of our general balance sheet and some of the items on the other side.

Mr. ANDREWS. Well, that's what he did.

Mr. WALLACE. In other words, if you could wipe out one side of the balance sheet and not the other you might show it was all watered. If you wipe out one side and not the other you can see we needed a great deal of moisture to do anything with it.

Mr. ANDREWS. Well, Mr. Robinson in making this statement took the items—railroad equipment, together with the item represented by real estate, and the item cost of material and supplies, adding them together and making a total of $75,320,981.42, and then he said that the capital stock on the other side of the balance sheet, $95,040,000, together with the $10,000,000 of leased line stock, added to the funded debt of the Illinois Central and the funded debt of the Chicago, St. Louis and New Orleans Railroad, $129,203,525, subtracted from the first-named amount left a deficit or an overcapitalization of $56,402,311.22. Is that the correct way of ascertaining the value of the property?

722* Mr. WALLACE. No. A balance sheet can only be fairly and impartially analyzed by taking it as a whole and considering all of its items on both sides of the sheet in connection with each other. Any treatment of a balance sheet by picking out certain items to balance them against certain other items on the other side and ignoring others is unfair and misleading. Any balance sheet which would include watered stock, the place where those figures would be manipulated in the railroad and equipment or credits on that sheet that represent value—they would not be on the side representing the capital stock or the bonds. Now, on the general balance sheet, as this, first comes railroad equipment, which is the machinery with which we work to furnish transportation. The next item is real estate; the next, material and supplies, and the next is stock owned. Those stocks owned are the market value, or, rather, the paper value of certain stocks that represent one part of the line that the company purchased in order to control that line, and represent the assets of the railroad as the equipment itself, although not stated in those terms. The next item is bonds owned.

Mr. ANDREWS. How much is that?

Mr. WALLACE. $42,624,299.89. Now, that same amount of bonds owned is included in the $123,000,000 of floating debt appearing on the other side of the balance sheet.

Mr. ANDREWS. Funded debt, you mean?

Mr. WALLACE. Funded debt; yes, sir. The next is assets—that is, money advanced to other railroads, money that has been expended in the construction of branch roads that are not com-
723* pleted, or money that has been advanced for various purposes. Now, the assets is the balance that remains, counting our cash and our available funds on the one hand, and counting our liabilities to our employees and our floating debt on the other. The last two items are practically the working capital of the railroad.

Mr. ANDREWS. What do you know about the item of $42,000,000 of bonds owned by the company?

Mr. WALLACE. That $42,000,000 of bonds is composed largely of bonds that were put up as collateral to secure other bonds.

Mr. ANDREWS. Other bonds of what company?

Mr. WALLACE. Other bonds of the Illinois Central Railroad Company.

Mr. ANDREWS. Please explain the matter of the issuance by the Illinois Central of its bonds secured by others.

Mr. WALLACE. That will involve a rather long explanation, but I can tell you sufficient of it to illustrate the principle. The Illinois Central Railroad Company had various bonds at various rates of interest which it desired to refund.

Mr. ANDREWS. You mean it owned bonds of other companies?

Mr. WALLACE. Well, some of them were bonds of other companies, and some of them were bonds of these companies that it had acquired and that it assumed. They were practically Illinois Central bonds. Not desiring to place a mortgage on property that was not bonded, and desiring to refund these bonds, it did so by the issuance of other bonds aggregating about the sum of $40,000,000. These were
724* issued as collateral bonds, put up to secure those other bonds, the new bonds of course bearing a low rate of interest. Now, I could explain that probably a little clearer by a real-estate example.

Com'r PROUTY. I think we understand that.

Mr. WALLACE. In other words, to make it a little cl'arer, suppose the Illinois Central Railroad Company should go out of business today and could get for its real estate, for its equipment, for its material, supplies, and things of that kind just what they stand at on its balance sheet, and then with that money should wipe out its common stock, wipe out its bonds that are due, it would have left this forty-two and some odd millions of dollars in bonds, which would simply be evidence of the cancelled indebtedness. That would end the transaction, and the sheet would be clear on both sides.

Mr. ANDREWS. Mr. Robinson also laid great stress, apparently, on the fact that the United States Government had almost bankrupted itself, to use one of his comical expressions, because it had made a large grant of land to the Illinois Central Railroad Company, from which the idea was sought to be conveyed that the road was practically built for nothing. Now, I will ask you, Mr. Wallace, to state how many acres of land were donated by the United States Government to the Illinois Central Railroad Company?

Mr. WALLACE. 2,595,000 acres.

Mr. ANDREWS. What was the value per acre of those lands
725* when they were donated by the United States?

Mr. WALLACE. Just immediately prior to the donation the regular Government price on that land was $1.25 an acre. However, the lands were sold so slowly that the Government passed what was known as a graduation act, dated August 4th, 1854, reducing the price, according to the location of the lands and other circumstances, from $1.25 to a minimum of $0.12½ per acre in the State of Illinois.

Mr. ANDREWS. State whether the United States reserved alternate sections or other lands contiguous to those donated by it to the Illinois Central.

Mr. WALLACE. The United States Government reserved alternate sections with the view of an increase in value of the reserved land by reason of the construction of the railroad and the development of the country through which it passed.

Mr. ANDREWS. What was the value per acre of the land reserved by the Government when the Illinois Central Railroad was completed and opened for business?

Mr. WALLACE. The value per acre of the reserved land at the time the railroad was completed and opened for business was estimated at from $2.50 to $6.00 per acre.

Mr. ANDREWS. There had then been an increase from $1.25 and from $0.12½ as the minimum up to $2.50 and $6.00 per acre?

Mr. WALLACE. Yes, sir.

Mr. ANDREWS. What was the value per acre of lands of
726* the same quality located a hundred miles distant from the Illinois Central Railroad when it was completed and opened for business?

Mr. WALLACE. It would be difficult to say as to the value of the land at that distance.

Mr. ANDREWS. What was the value of the land reserved by the United States, say ten years after the Illinois Central was completed and opened for business?

Mr. WALLACE. Ten years after the Illinois Central Railroad was completed and opened for business the value of the land was from $10.00 to $12.00 per acre.

Mr. ANDREWS. What was the value per acre of the same land located 100 miles distant from the Illinois Central Railroad after it was completed?

Mr. WALLACE. The value was from $1.00 to $3.00 per acre.

Mr. ANDREWS. What conditions, if any, were imposed upon the Illinois Central Railroad Company by the United States in regard to carrying troops, etc., in consideration of the lands donated by it?

Mr. WALLACE. The act of Congress approved September the 20th, 1854, provides that the railroad and branches shall be a public highway for the use of the Government of the United States, free from toll, for the transportation of any property or troops of the United States.

Mr. ANDREWS. And mails too?

Mr. WALLACE. I do not think that was intended to include the mails.

727* Mr. ANDREWS. Troops and property?

Mr. WALLACE. That's what the act provides for, and things of that kind—munitions of war.

Mr. ANDREWS. How much money was used in constructing the Illinois Central Railroad before any cash was realized from the lands donated by the Government?

Mr. WALLACE. To December the 31st, 1854, the cost of the road and equipment was $17,698,090. That was provided for by the original assessment on the original stockholders and the net proceeds from the sale of 16,197 of seven per cent construction bonds, which, while I cannot say what the discount was, it was understood they were discounted to some extent, and up to this date the cash receipts from the sale of land was only $250,693.

Mr. ANDREWS. Up to what date you say?

Mr. WALLACE. That is, up to December the 31st, 1854.

Mr. ANDREWS. What have been the total receipts from this land by the company up to June the 30th, 1903?

Mr. WALLACE. $27,130,771.30; that is, in the fifty-eight years since the completion of the original line, or since the opening of the original line of the Illinois Central, to the end of the last fiscal year—June 30th, 1903.

Mr. ANDREWS. Now, please state how this amount of $27,130,771.30 has been applied by the company?

Mr. WALLACE. In the redemption of construction bonds.

Mr. ANDREWS. How much was paid?

Mr. WALLACE. $20,716,269.76 was paid, and in payment of interest on these bonds $3,382,691.08, the total payment on ac-
728* count of the original construction bonds was $24,098,960.84.

Mr. ANDREWS. And as to the balance?

Mr. WALLACE. The remainder has been credited to the income account; that is, the sum of $3,031,810.46 has, during this period of fifty-eight years, been put into the income account.

Mr. ANDREWS. During the fiscal year ending June 30th, 1903, how much was received from the sales of this land?

Mr. WALLACE. $115.00 was received from this source, and I understand our holdings are practically disposed of. There may be some odds and ends of that land left.

Mr. ANDREWS. I wish to say to the Commission and to counsel for the complainants that I desire to correct this statement which has been furnished you with regard to these lands where it says the remainder was disbursed in dividends to the stockholders, so that it may appear properly—that the remainder, this $3,031,810.46, was credited to income.

Mr. MILLER. Who made the return you are proposing to correct?

Mr. ANDREWS. Mr. Crebbs.

Mr. ANDREWS. Mr. Wallace, I wish you would, when you get back to Chicago, if you deem it necessary that you should, prepare a statement and file it with the Commission, giving a copy of it to counsel on the other side of the facts in relation to the capitalization of the Illinois Central Railroad Company, and whether or not there is any water, etc., in the stock and bonds.

Mr. WALLACE. I will furnish that, sir.

Mr. ANDREWS. It was stated here by some gentleman, Mr.
729* Wallace, that in 1857 the Illinois Central was insolvent, or became bankrupt and was in the hands of a receiver. Is that true?

Mr. WALLACE. The Illinois Central Railroad Company was never insolvent and was never in the hands of a receiver.

Mr. ANDREWS. I wish you would explain what happened about 1857 in the fiscal affairs of that company.

Mr. WALLACE. Well, that rumor evidently grew out of and was due to a very peculiar situation in 1857, when the entire country was practically bankrupt, and the Illinois Central had recently completed its line, and, like all organizations of that kind, it had some floating debt, and it had money in bank, and it had, as it has now, its principal offices—that is, its financial offices—in New York. It had money in the New York banks and had obligations in New York, and, as I understand it, all the banks in New York but one were, for the time being, in an apparent insolvent condition; that is, payments were suspended, and the money that the company had there was tied up. It was not known what steps might be taken by the banks that it owed money to, on the other hand, and, as a safeguard, to protect the interests of its owners and the interests of its creditors, an assignment was made in New York. The deed was prepared in New York and held there. What action was taken with that I do not know, but it was never recorded in Illinois. No action was taken in Illinois, and the road continued to be operated and managed in Illinois without any reference whatever to this arrangement, which was a precautionary measure taken so that it could be used in case of
730* an emergency to prevent the road being placed in the hands of a receiver or to prevent bankruptcy proceedings be taken and to protect the interests of all. It was a measure not brought about by the condition of the railroad, but by an unusual financial condition of the country, outside of the Illinois Central Railroad Company.

Mr. ANDREWS. I understand you have had considerable experience, both with the Illinois Central and with other lines, and also a long experience as a civil engineer, and I wish you would state whether, in your opinion and in your judgment, the Illinois Central property or that road could be duplicated to-day for the amount of its capital stock and bonded indebtedness?

Mr. WALLACE. In my opinion it could not.

Com'r PROUTY. Well, confining your text to these lines south of Cairo, the lines against which this capitalization of $47,000,000 stands, could those be duplicated for the amount of capital which they represent?

Mr. WALLACE. I do not think they could.

Com'r PROUTY. Was any part of the $16,000,000, which you say was used to improve that property, used in purchasing equipment?

Mr. WALLACE. I do not know the extent beyond the equipment that might have been on the line. You mean with this addition to the property?

Com'r PROUTY. Yes.

Mr. WALLACE. No. There was not originally $16,000,000 assumed by the Illinois Central; $16,000,000 for improvements
731* and additions that have been made to that property since.

Mr. ANDREWS. Mr. Wallace, in your opinion as general manager of the Illinois Central, is it necessary that the present rates be maintained in order that that railroad company may be able to pay its fixed charges, interest, etc., and give the public an efficient and safe service, such as is now rendered?

Mr. WALLACE. In my opinion, it is.

Mr. ANDREWS. State how reductions in rates have been heretofore made by railroad companies in the operation of them.

Mr. WALLACE. By various means and methods; first, by increased density of traffic, which of course has a tendency, in a way, to take care of reductions in rates on account of an increased volume of business, as you may be able to do part of it at less cost. Second, by increase in train loads. This latter is brought about by locomotives of larger capacity, by the double heading of trains, by the reduction of grades, and by cars of greater capacity, enabling a greater tonnage to be gotten in the cars, and, third, by refunding matured bonds at lower rates of interest than the old bonds. These are the methods that have been used in the past to counteract the reductions that had been constantly going on in rates.

Mr. ANDREWS. Now, Mr. Wallace, have the operating expenses increased out of proportion to the increase in gross receipts of the Illinois Central, and, if so, what has this been due to within the last five years, three or four years?

Com'r . Within that time, Mr. Andrews?

Mr. ANDREWS. Five years; four or five years.

732* Mr. WALLACE. The operating expenses have increased, and have increased out of proportion to the increase in the gross receipts.

Mr. MILLER. If all these questions and answers are written out it seems to me it would save a great deal of time if they were to be filed.

Mr. WALLACE. They are not; they are simply memoranda with amounts in them to help my memory. Sometimes I refer to them and sometimes I do not.

Mr. MILLER. Excuse me; I thought you were reading from it.

Mr. WALLACE. No, sir; there are figures there to enable me to be correct.

Mr. ANDREWS. What is this increased expense due to?

Com'r PROUTY. Before he answers that question, Mr. Andrews, he said that the operating expenses had increased out of proportion to the gross earnings. I would like to know what he means by out of proportion.

Mr. WALLACE. I mean this, Mr. Commissioner. For instance, suppose in one year the proportion of operating expenses to the gross earnings was sixty-five per cent and the next year that would be sixty-seven per cent and the next year seventy and the next year seventy-two, I would consider that the operating expenses are increased out of proportion to the gross receipts.

Com'r PROUTY. Even though your net earnings continue to increase all the time?

733* Mr. WALLACE. Even though the net earnings continue to increase all the time, but a little later I expect to give you some exact figures in regard to showing that the net earnings have decreased, not increased, although we have had a very large—you might say, enormous—increase in gross earnings.

Mr. ANDREWS. What has this increase been due to, in your judgment?

Mr. WALLACE. It has been due to the increased cost of supplies and material; that is one general head. I can, of course, give some of the vouchers, if desired.

Mr. ANDREWS. Give us some of the charges. Give us the item of coal, for instance, say, for the month of September, 1903. What is that increase, if any?

Mr. WALLACE. The item of coal runs up for the month of September, 1903, to, say, $71,500, in round figures, more than it was in the year previous.

Com'r PROUTY. If I may interrupt you, Mr. Wallace, referring to the lines south of Cairo, where do you obtain your coal?

Mr. WALLACE. That is supplied at Cairo. We obtain part of the coal from Kentucky, part of it from southern Illinois, and sometimes we use Alabama coal.

Com'r . Do you reach the coal mines with your own iron?

Mr. WALLACE. We reach the coal mines in Kentucky and Illinois with our own lines, but not the coal fields of Alabama.

Com'r PROUTY. In estimating the cost of coal do you charge anything for transportation on your own lines?

734* Mr. WALLACE. No, sir.

Com'r PROUTY. What did you pay in September a ton for coal at the mine?

Mr. WALLACE. From July, 1900, to June, 1903, the average cost of coal was 99 73/100 at the mine. I have got it there separate; I can furnish you with that statement.

Com'r PROUTY. No; that will do equally as well.

Mr. WALLACE. Now, from July, 1897, to June, 1900, the average cost at the mine was 85 36/100 cents. There has been a gradual increase up to June, 1903.

Com'r PROUTY. Some 15 cents a ton?

Mr. WALLACE. A little over 10 cents a ton.

Com'r PROUTY. What's that coal worth now, Mr. Wallace?

Mr. WALLACE. That I do not know, because—I presume we pay fifteen or twenty different prices in different places. If we are short of coal, for instance, in Louisiana or Mississippi our coal supply gets down, we send the first available coal that we have, don't make any difference what it costs, from Illinois, Kentucky, or Alabama. We take the first cars of coal that are on the line, anywhere that we can get them quickest.

Com'r PROUTY. Generally speaking, is the price of coal on your lines higher or lower to-day than it was a years ago?

Mr. WALLACE. Higher.

Com'r PROUTY. Do you apprehend any further advance in the price of coal?

735* Mr. WALLACE. I can not say. The price of coal depends entirely upon the inner workings of the man who controls the miners' union.

Com'r PROUTY. That is to say, a representative of labor regulates the price of coal?

Mr. WALLACE. Yes, sir. Before you asked these questions I started to say what was the total amount we paid for coal in September. There was an increase of something like $71,500.00.

Mr. ANDREWS. For each month?

Mr. WALLACE. Yes, sir.

Com'r PROUTY. I was about to ask, per ton. What increase was there in coal per ton?

Mr. WALLACE. I haven't got that in tons. About $36,000.00 of that, in round figures, was due to increase in price, but the $71,000,500 was due to increase in price over the year before, and that would indicate that there had been a considerable advance in the last year. That was not due to the increased quantity of fuel used or anything of that kind, but due to increased price. Now, during the year ending June 30th, 1903, we used, in round numbers, 3,000,000 tons of coal.

Com'r PROUTY. Can you tell us how much you used in the previous year?

Mr. WALLACE. Yes, sir. In the previous year we used 2,781,000, so that our bills for fuel alone for the year ending June 30th, 1903, were just a trifle less than $3,000,000 on the system.

Mr. ANDREWS. Now, about freight cars. What have you got to say about the increase in rates in regard to them?

736* Mr. WALLACE. If you will pardon me, I have some figures here on equipment. I only desire to touch on the larger items. I have to take up more fully the matter of equipment, on account of results, having been hurried, but from 1889 to 1903 locomotives increased in price from $10,750 to $16,995.

Com'r PROUTY. Is that the same locomotive?

Mr. WALLACE. No, sir.

Com'r PROUTY. Could you give that to us in traction power?

Mr. WALLACE. Yes, sir; I was going to follow with that. The cost per pound of traction power—I mean the unit of efficiency of the engines—cost 27.3 per cent in 1899, while the same unit of efficiency cost 47.6 in 1903. Box cars increased in cost from 444.30 in 1899 to 885.67 in 1903; increase per unit of capacity, 74.1 in 1899 to 110.7 in 1903.

Com'r PROUTY. Now, how do the prices of those articles to-day compare with the price of the same articles a year ago?

Mr. WALLACE. Well, a year ago we placed orders for—I haven't the exact figures, but in round numbers we placed orders for 10,000 cars of various kinds, and we have no contracts now beyond the 1st of January for the delivery of box cars or freight equipment.

Com'r PROUTY. You are not buying cars this year?

Mr. WALLACE. No, sir.

Mr. ANDREWS. Why are you not buying this year?

Mr. WALLACE. For the reason that we apprehend a checking of the present business prosperity of the country.

737* Com'r PROUTY. Would that be a reason, Mr. Wallace, why you should reduce rates or why you should further advance rates?

Mr. WALLACE. That is a reason why we should endeavor to maintain rates as they are until we know what the conditions are going to be when that state of affairs is reached. If our business falls off, as we expect it to do, and we are not able to reduce our expenses, why it would be a reason for very strongly maintaining or advancing rates.

Cdm'r PROUTY. As I understand it, these rates have been advanced in the last four or five years because you have had more business and because the country has been prosperous, and now you say that if you have less business and there is no such prosperity throughout the country you want to still further advance your rates?

Mr. WALLACE. There is a very logical answer to that, and that is this: Mr. Andrews hasn't reached that point yet, but in the last year, or in the last year and a half, we have had to advance our rates of pay for labor, so that now we are on a basis of approximately $2,000,000 a year more than we were two years ago. Most of those advances in the rates paid for labor have been due to negotiations with labor organizations, and while there may be some railroad manager who will have the nerve to fight those organizations and to resist demands for advanced rates of pay, it is a matter that I don't think any of them will attempt unless they are driven to the last extremity.

738* Now, the effect of that has been to force every item up, and we do not know—in fact, we are persuaded—that we will have a great deal of difficulty in reducing those rates when business falls off, and to that extent at least when business does fall off we shall be handicapped as far as reductions are concerned.

Again, during the years of prosperity we have been hounded by our customers and clients to increase our equipment, in order to take care of the increased business and to give them the facilities they needed, and we have spent money for new equipment, for additional tracks, for additional warehouses, and facilities of all kinds, and if business falls off, and we don't have the traffic, we have still got to earn the interest on the cost of these additional facilities with a less volume of business.

Mr. ANDREWS. I don't know whether you got through with the elements that go to make up the extra cost of equipment?

Mr. WALLACE. The other items I had here were coal and gondola cars. In 1899 these cars cost an average of $445.50, and in 1903, $727.67. In 1899 the cost per unit of capacity was 55.7 cents, and 1903 the cost per unit of capacity was 91 cents. Mr. Prouty has, by his questions, drawn that information out a little in advance of what I say here as to what is due to increase in the matter of pay.

Mr. ANDREWS. You have stated that?

Mr. WALLACE. I have, as far as the rates of pay are concerned.

Com'r PROUTY. What is your total pay roll, Mr. Wallace?

Mr. WALLACE. Our total pay roll for the month of October, 1903, was $2,527,235.79, nearly $30,000,000 a year.

739* Com'r PROUTY. Nearly $30,000,000 a year, and between 45,000 and 49,000 employees. How does that compare with the pay rolls of last year?

Mr. WALLACE. The increase in the pay rolls, as compared with June, 1902, was $636,194.16, but part of that increase was due to additional employees and additional business betweeen those two dates, but of that amount, $177,497.71 per month—that was for the month of October alone—was due to increase in rates of pay.

Mr. ANDREWS. The same number of employees?

Mr. WALLACE. Yes, sir; that is based on the same number of employees compared with June, 1902. Now, the reason that we made that particular comparison was that during that period of sixteen months we had been constantly increasing the pay of our various classes of employees as these different organizations—employees belonging to these different organizations—came to us.

Now, to answer further Mr. Andrews' question, another element in the increased cost of labor is due to the improved condition of certain

classes of employees, in the way of shortening their hours, or relieving them from duty, necessitating the employment of others. For instance, last summer a general committee of our employees, who were members of the Order of Railway Telegraphers, one of the most recently organized orders among our employees, and the weakest one, came to see us and demanded shorter hours, pay for overtime, and relief from all sorts of duties, which necessitated the employ-
740* ment of other men, and, as near as we can get at it, the increased cost of pay to that class of employees alone, due to improved conditions, was from $40,000 to $50,000 a year. To illustrate in detail, we have an agent and operator, a joint position, out at some station in the country, where we might have a train very early in the morning and late at night, and we pay that man so much a month, although in the middle of the day he might have five, six, or seven hours that he didn't have anything to do at all. They insisted that we give them monthly pay for twelve hours' work; that they should have overtime if they had to meet trains at night. They desired to be relieved from lighting the switch lights, demanding extra pay for that. They desired to have some one to help handle their freight supplies, where they had freight to handle, and that idea ran through the whole negotiations—that these men have relief from these duties, which, of course, meant increased expense. Now we have exactly the same condition with our locomotive firemen. They don't want to clean their engines; want us to employ extra men for that. They don't want to clean the fires at district terminals, and we have had to have extra men for that, and at one time the representatives of the firemen's organization wanted us to relieve them from putting a supply of oil and waste on the engine whenever they brought it out. And the same thing with the engineers. Some few years ago our locomotive engineers used to take their engines to the roundhouse, look them over, and put them up, and sometimes assist in repairing them, but now, as soon as they get into a terminal station they
741* want to get down off of their engine, and want the hostler to take it into the roundhouse.

I have only touched on a very few of the factors which go to make up, in the aggregate, a very large element in increased operating expenses.

Mr. ANDREWS. So that, if I understand you, the increase in the pay roll, with the same number of employees now, does not represent the additional cost, as a matter of fact, that the company must incur to have those duties performed?

Mr. WALLACE. No, sir. Now, there is another illustration that I forgot to mention, and that is the agreement to give overtime to those men, particularly train men and road men. It gives them a motive to neglect their work, and if a train gets an hour late and they find they are going to make overtime by being a little later, it is difficult for the division superintendent, the train master, or anybody else to actually put their finger on the fact that those men actually did cause that delay. Any of you who are familiar with train operation, and particularly with freight men, know how easy it is for those men to indirectly cause this to happen when they receive payment for overtime.

Mr. ANDREWS. Now, Mr. Wallace, if you will refer to your memoranda and can state in dollars and cents the amount of increase in gross receipts and in operating expenses, I wish you would state it to the Commission.

Mr. WALLACE. Well, in order not to deal in ancient history, and coming down something modern, I will say that for the two months ending August 31st, 1903, the gross receipts of the
742* Illinois Central Railroad increased $, a net increase for those two months of $216,916.71. That's for the two months. The reason that I give these two months in that way is that the volume of business was unusually heavy in those two months, and the conditions under which it was handled were unusually favorable. It was in the summer time, and the conditions were unusually favorable for profitable work. In the month of September the gross receipts increased $269,507.31, and the operating expenses increased $386,288.28.

Com'r PROUTY. Now, was there any advance in wages made during the month of September?

Mr. WALLACE. Not during the month of September, but there were several conditions that happened then. The earnings in August and September were abnormal, due to abnormal conditions, and after the 1st of September conditions had assumed, by comparison with the year before, what we might call a more normal state. On the 1st of September we practically wound up the last of our negotiations with labor. Our telegraphers' scale went into effect on the 1st day of September, and these figures are compared with a year ago; with the year before.

Com'r PROUTY. September compared with September a year ago?

Mr. WALLACE. Yes, sir; but the net result shows the difference in the conditions existing at the two periods.

In October, 1903, the gross receipts were $312,524.22, and the operating expenses were $420,607.73, a decrease, net, of $108,083.51.
We haven't the exact figures yet for November, but the
743* approximate figures which I have made indicate that we will have a decrease in our net, in the neighborhood of $150,000.00 less than a year ago; that is, with a large increase in the gross. Now, for the fiscal year ending—to go back a trifle further—for the fiscal year ending June 30th, 1903, our proportion of operating expenses and taxes, to the gross receipts, was 70 per cent.

Com'r PROUTY. For what year was that, Mr. Wallace?

Mr. WALLACE. That was the year ending June 30th, 1903. Taking out the taxes, the proportion was 66 per cent.

Com'r PROUTY. Other people have to pay taxes as well as the railroad companies.

Mr. WALLACE. Yes, sir. Now, in the month of September, last year, the proportion of our operating expenses to gross receipts, exclusive of taxes, was 73 per cent, as against 68 per cent for the same month of the year before. In October, the proportion of operating expenses to gross receipts, exclusive of taxes, was 67 per cent as against 62 per cent for the year before.

Com'r PROUTY. Now, could you go back, Mr. Wallace, to 1899, and compare September, 1903, with September, 1899?

Mr. WALLACE. I haven't those exact figures, but I can get them and have them placed in the record.

Com'r PROUTY. Do you keep your accounts in such a way that you can tell how much per mile you earned, net, on your main line south of Cairo this last year?

Mr. WALLACE. No, they are not kept in that way; that is not that particular part of the line. You know the Illinois
774* Central is made up of a great many small lines, and bookkeeping became so laborious to keep these different lines separate that of late years there has been a tendency to consolidate our accounts and operate our road in as large units of territory as possible.

Mr. ANDREWS. Mr. Prouty, I think we can give you that data from Chicago.

Com'r PROUTY. It may become more or less important in this case, relating to the line from Cairo.

Mr. WALLACE. If we have it or can pick it out of our accounts, we will furnish it.

Mr. ANDREWS. What would you suggest, Mr. Wallace, as a means to meet this increase in operating expenses out of proportion to the gross receipts?

Mr. WALLACE. Well, from the standpoint of a manager, first, from an increase of rates; second, increase in the tonnage of trains; third, lowering the standard of locomotives; fourth, lowering the standard of service to the public, and fifth, increase in the density of traffic. The supposition is that increasing the density of traffic will enable you to handle it more economically.

Mr. ANDREWS. State whether or not, in your opinion, the Illinois Central Railroad has probably reached the reasonable limit of economy in operation.

Mr. WALLACE. Yes, sir; I think it has. Of course there may be some refinements of economy, as there always are, but the sources of practical and substantial economy have been ex-
745* hausted and the limit has been reached.

Mr. ANDREWS. In what way?

Mr. WALLACE. It has reached the practical limit of car reduction, and it has reached a reasonable practical limit in the size of the engines and the capacity of cars.

Mr. ANDREWS. Why do you say that about engines? What has been your experience with these large engines?

Mr. WALLACE. Well, you do not get the results, the proportionate results, out of a large engine due to its incerased capacity of power. I will illustrate. When you purchase an engine that has a theoretical ten per cent increased capacity on a level track over the one that it replaces, you only get that in actual practice; you only get the benefit of that ten per cent. If you have got the full theoretical benefit, it will be all right, but practically you can't get the ten per cent for various reasons. In the first place, you can only get that actual increase provided that engine is operated or hauls tonnage to its full capacity, and you can only do that in the direction of heavy traffic; you can get no benefit from this increased capacity in the direction of light traffic—that is, no relative benefit; the increased capacity of the engine. There are certain seasons of the year when

your business is at a maximum, when you can get approximately a greater advantage from your increased capacity, but there are only certain seasons of the year when your motive power is used to its full capacity, and over certain portions of your line. Again, in order to get this increased capacity you have got to use an
746* increased amount of fuel, which has got to be put in the fire box with the same regularity on a large as on a small engine, and it is put in by the same man, by the same character of service that fires the small engine, and that fireman doesn't work as efficiently, and there are a great many practical elements that I could hardly touch upon, that have shown us that in practice we don't get proportionate returns. We have more failures with our large engines. Even the flues become leaky, the fires are put out, and the trains have to be stopped, and we have to reduce the tonnage, and all sorts of things occur. Those troubles are due to the fact that the larger engines are not constructed so efficiently as the smaller engines; not as strong. The flues are more liable to become leaky, the fire box has to be opened oftener than on the smaller engine, more fuel has to be introduced into the fire box, and the extension and construction of these fire flues cause them to leak.

Mr. ANDREWS. So that, from your experience, you would say that the larger engine has been rather a disappointment?

Mr. WALLACE. Yes, sir. We have got increased efficiency, but not relatively so.

747* NIGHT SESSION.

DECEMBER 11, 1903—*7 p. m.*

Com'r PROUTY. Please resume the stand, Mr. Wallace.

Mr. ANDREWS. At the time of adjournment you were speaking of the question as to the relative efficiency of this very large class of locomotives your company has acquired in the last few years, as compared with the efficiency of the smaller class, and I understand you to say, Mr. Wallace, that, in your judgment and from your experience, it is your opinion that further increasing the size of the locomotives would not result in a relative economy in the transportation of freight. Is that true?

Mr. WALLACE. Yes, sir; to make myself clear, I did not mean to say you could not obtain increased efficiency with larger engines, but that we can't obtain anything like a proportionate increase of efficiency from a commercial and economical standpoint if we increase the size or increase the capacity, or, in other words, due to the theoretical increase in efficiency.

Com'r PROUTY. What is the standard locomotive now in use on the Illinois Central?

Mr. WALLACE. That is a hard matter to answer, Mr. Commissioner, because in the last two years we have changed the type of our freight locomotives, I think, three times. I can give you a description of the engines that we have recently purchased.

Com'r PROUTY. Yes, sir; do so, briefly.

748* Mr. WALLACE. Well, for instance, since January 1st, 1903, to date, we have purchased sixty-five consolidated engines with size of cylinders 20 by 28. We have purchased four with cylinders

22 by 26. We have purchased ten with cylinders 20 by 28, and ten, 22 by 30. Now, those engines are different from each other in size, weight, and efficiency.

Mr. MILLER. What is the indicated horsepower?

Mr. WALLACE. We don't figure our locomotives that way.

Com'r PROUTY. How many gross tons will one of those locomotives haul from McComb City to Cairo, taking the road in sections, if you operate it in that way?

Mr. WALLACE. That is information I can get and furnish you. I haven't it in my hand for this reason, that we classify the different engines not only for different districts of the road, but sometimes for a section of the road as short as 15 or 20 miles.

Com'r PROUTY. Do you arrange your trains by the number of cars or by the gross tonnage?

Mr. WALLACE. By the gross tonnage; but you take the line, for instance, from New Orleans to Chicago; we will have a gross tonnage that we call Class A trains, say from New Orleans to McComb City. The grade conditions are very nearly uniform between those two points. We also have a Class B classification. We will put bananas and perishables in Class A, and then we will put what we call "slow freight" in Class B.

Com'r PROUTY. Lumber is slow freight?

Mr. WALLACE. Lumber is slow freight and goes in Class B.

749* Com'r PROUTY. I would like you to furnish a statement of how many cars, tons or cars, or whatever way you make up your records, your engines will haul from McComb City to Cairo. I take it that you have so many divisions, and that on these different divisions your engines haul so many cars, and what I desire to know is the number of cars or tons that these engines haul on these different divisions from McComb City to Cairo.

Mr. WALLACE. In order that you may understand that fully, we assign these particular engines to particular parts of the line, and of course these are there all the time. We have certain divisions for our engines to-day, and within sixty days we may change that division entirely; just as fast as we get new engines. Say we get ten new engines. We will put those new engines on our higher grade district, between Carbondale and Mounds, and we will take the engines that were on that division and move them down to the Tennessee and Missi'ppi division, and inside of sixty days after we receive those ten engines our entire motive power may be redistributed over the whole line, and so it goes on all the time.

Mr. ANDREWS. That being the case, I suppose it is in the statistics asked for.

Com'r PROUTY. He can give, I think, what I want.

Mr. WALLACE. A statement of that kind would only be good for that certain time; it may be thirty days or it may be sixty. Now, again, we keep a record of the percentage—of what we call the "potential" that the engine should work up to—and we rarely get

750* over 65 per cent of that potential. In order to make that clear, suppose an engine has a capacity of 4,000 tons on a level grade—that is purely theoretical—now it has less capacity on different gradings all the way through. We experiment with each class of engine in the district it is intended to run it on in order to find out exactly how many tons, on an average, it can

handle under ordinary conditions, and then we give that engine a rating, and then we charge to that division the potential based on that rating, and then we require reports from our division officers to show how near they utelize the full potential of that power. Now, they are not able to utelize the full potentiality of that engine for a series of reasons; first, as I stated a while ago, the heavy business is only in one direction, and naturally in the other direction the train would be light. Then we have certain trains on our time card that we have to run to provide for certain regular movements of traffic, and the business will fluctuate from day to day, week to week, and month to month, and we frequently have to less than its full number of loads, because it occupies a place on our time card and our division officers don't think it best to annul that train. If the business should suddenly swell, we not only run that train, but may run it in two and three sections.

Again, while theoretically we figure that an engine can haul so many tons, that is very materially affected by whether those cars are fully loaded or whether they are short of tonnage. For instance, a fully loaded coal train will give full tonnage with 20 cars, whereas a train loaded with lumber or some other commodity, or with
751* a few empty cars in it, may not have the same tonnage with double the number of cars, and you can't pull the same tonnage in your long train that you can in your short train, because the more wheels you have the more journal bearings you have in your train, and the friction, due to what we call journal and wheel friction, takes up a lot of that energy that would have pulled more net tonnage if we had that tonnage in a fewer number of cars.

Com'r PROUTY. Can you do this; can you take some type of engine, I don't care what one it is, and tell us about how many tons that engine can pull over the different divisions from New Orleans to Cairo?

Mr. WALLACE. Yes; I can do that. I can tell you better what it does. Theoretically it would haul 20 per cent out, or 30 per cent. Another thing that affects our tonnage is this: We start a train out of New Orleans with the theoretical tonnage it should pull, and it wouldn't get to Kenner if it happened to be a foggy morning and the rail was bad. A rail condition under certain circumstances may knock off five or ten per cent.

Com'r PROUTY. Can you take some one of your standard types and tell us, approximately, how many tons of slow traffic, not bananas or vegetables, that engine would ordinarily pull?

Mr. WALLACE. It would help you more, I think, if I give you what our engines actually pulled, say for a week or thirty days, all the way through, and give you the type of engines on those trains.

Com'r PROUTY. Perhaps so; any way to get at the information we desire.

752* Mr. WALLACE. All I want to do is to give you what you desire, and in such a way as to be of service to you.

Mr. ANDREWS. I wish you would state something more about the union element of labor, how many, their character, etc., to which you referred a little while ago.

Mr. WALLACE. The industrial situation, particularly as applied to railway employees in the last two years and in the last eighteen months, has been more serious to the employers of labor, railroads,

manufacturers, particularly railroad managers, than it has ever been in the history of this country, due to the spread of the Federation of Labor and general agitation of labor and advancement of the rates of labor. This organization has extended to all classes of railroad employees. We have to-day the Brotherhood of Locomotive Engineers; we have the Order of Railway Conductors; we have the Brotherhood of Railway Firemen, and the Brotherhood of Railway Trainmen. We have the Freight Handlers' Association; we have on certain parts of our line local organizations like we have at New Orleans. We have the boiler makers, machinists, blacksmiths, blacksmiths' helpers, machinists' helpers, boiler makers' helpers, the painters' union, upholsterers, cabinet makers, carpenters, and I presume that on our road we have over forty different labor organizations, and in the last year and a half the majority of those organizations have sent their committees as high up as the general manager's office to negotiate for an increase in wages and improved conditions of service with the older organizations like the Railway Trainmen and the Brotherhood of Locomotive Engineers.

753* These labor organizations have endeavored to get unequal scales with as many different roads as possible. What I mean by unequal scales is a scale that will give them favorable conditions from one company on one thing and a favorable condition from another road on another thing, and so on, covering a great many different rules and regulations regarding their rates, duties, privileges, and so on. Their plan was to go to one road and endeavor to get it to make a concession, and, in case of success, they could then go to another road, show that they had obtained the concession from the first one, and use that to attain their object.

Mr. ANDREWS. That has been growing?

Mr. WALLACE. Yes, sir; and last year the Order of Brotherhood of Conductors and the Brotherhood of Railway Trainmen had reached a point when they had a comparative scale in regard to rates of pay, but they made up their minds that they must break away from that or they couldn't get any additional rate, and they started in with the group of roads at St. Louis, selecting what they considered the weakest member of that group—a road that ran through a territory where, in case of a strike, they would get the support of the community—and they demanded an increase of twenty per cent; that is, the Brotherhood of Railway Trainmen and the Order of Railway Conductors combined in a joint committee—twenty for freight men and fifteen for passenger men. They obtained a concession on the basis of twelve per cent and fifteen per cent. Then they took the next strongest roads of the trunk lines through the North and

754* West, and then they came to the Illinois Central and made that same demand. We felt the necessity of meeting that request and gave them an advance of fifteen per cent for the freight men north of the Ohio River and twelve per cent for the passenger men north of the Ohio River; twelve per cent for the freight men south of the Ohio River and ten per cent for the passenger men south of the Ohio River. Well, coupled up with that was a provision similar to the old-fashioned trade-union idea of restricted output, and they required a provision in their scales by which the railroad companies north of the Ohio River agreed they would not double-head trains of over thirty cars.

Mr. ANDREWS. That's in force now?

Mr. WALLACE. That's in force now.

Mr. ANDREWS. Didn't that use to enable you to reduce the cost of transportation—this double-heading?

Mr. WALLACE. The former custom, and one of the forms of economy that existed for a good many years, was to take and double up our lighter engines, and thus save the expense of an engineer and fireman—I don't mean engineer and fireman, but the expense of a conductor and train crew—and have only half the number of trains on the road. Every additional train you have on the road is an element of expense, regardless of the number of cars the engine pulled. Every unit of transportation you send over the line helps to increase the expense, the liability to accident—all sorts of indirect accidents. That is the first step that has been made towards what you might call the restriction of output.

755* Mr. ANDREWS. Will you say, Mr. Wallace, whether or not that is a considerable factor in the increased expenses of operation, the fact that under these rules that you have had to adopt you cannot double-head?

Mr. WALLACE. Except under certain conditions, the effect of it was to practically wipe out double-headers. That was the intention on the part of the men. They wanted to make the restrictions so severe that there would be no object in double-heading.

Mr. ANDREWS. Suppose you double-head now, what is the restriction?

Mr. WALLACE. The restriction north of the Ohio River is, on the Illinois Central Railroad, that we shall not double-head with over 30 cars. Of course there are, however, exceptions of certain degrees and grades, one of which is that if you have an engine that will pull over 30 cars that you shall not double-head in excess of the hauling capacity of the most efficient engine of the two, and that you shall only run those engines together when you want to couple in an extra engine to go to the shop, or if there are storms, or snow, or something that will prevent a single engine from pulling its ordinary loaded train. South of the Ohio River we met that condition, however, by a provision that said we should not double-head with over 30 loaded cars or their equivalent, counting three empties as two loaded cars. The way that concession was brought about was from the fact that these men did not go to any of the Illinois Central's competi-

756* tors south or east of the Ohio River, and we raised the point that it would be unfair and unjust to put these severe restrictions on us and not put them on other roads in the same competitive territory.

Mr. ANDREWS. So that I understand, although it may be possible to institute some slight economies, the field for these economies has been rapidly diminishing in recent years. Is that the result of your experience?

Mr. WALLACE. Yes, sir; it is.

Mr. ANDREWS. Well, suppose it was heretofore a popular measure and one much in use among railroad companies for them to reduce their fixed charges by the refunding of bonds; is that now largely eliminated?

Mr. WALLACE. That is practically eliminated, so far as the Illinois Central Railroad is concerned.

Mr. ANDREWS. Well, now, Mr. Wallace, what you state being true, the reasonable practical limit for further economies, in your judgment, is largely at an end. What recourse, in your judgment, is there left to meet any reduction or falling off in rates on the Illinois Central?

Mr. WALLACE. There would be a reduction of dividends to the stockholders, a reduction in the standard of maintenance, of cars, of roadbed and equipment. That, you understand, is no economy; that's a makeshift.

Mr. ANDREWS. By decreasing the quality of the service, couldn't you?

Mr. WALLACE. The quality of the service rendered to the public. In connection with these various decreases, should the
757* business fall off, as now seems probable to us, the situation would be still worse.

Mr. ANDREWS. Well, the reduction in the force of employees is a very large element. How would that affect this question?

Mr. WALLACE. A reduction—there are certain expenses that you may call train movement expenses; a certain class of transportation expenses that fluctuate in proportion to the business, to a limited extent, but a majority of our expenses are such that they do not fluctuate with the traffic. Again, there are a certain number of trains that you have to run, particularly on branch lines, and also on the main line, to accommodate certain conditions that do not pay in proportion to the number of trains run. The money, of course, is made where you have a full and continuous volume of business, a volume of business that very nearly balances itself in both directions, and when your business falls off the falling off is of the business that ordinarily there is the most net profit in.

Mr. ANDREWS. How is the traffic on the Illinois Central—more of it south or north, or how is it?

Mr. WALLACE. It is never equal. It varies with the season, it varies with the size of the various crops that are raised on the line, and it varies with the general business. For instance, if the grain crop is good in central Illinois and the price of grain is such as to admit of a heavy export business, we handle a heavy grain business south. If, at the same time, general business should be good; if the sugar
758* crop is good, and the condition of the sugar market is such as to cause a return movement of sugar, which we can handle back in those box cars going north, why, of course, that is a favorable condition. If, at the same time, in fact, we have, in other words, a demand for the empties furnished, why that is another favorable condition; but suppose we had no grain in Illinois to move south, why we have a bad condition when we have to bring empties south for lumber and where we have had to bring empties south even for sugar, and the conditions of this business vary from week to week and from month to month, and they vary on different parts of the system.

Mr. ANDREWS. What is the prevailing movement?

Mr. WALLACE. As a rule, the prevailing movement is generally south, although there are times when the prevailing movement is north—that is, in regard to our main line; I don't mean as to the whole system.

Mr. ANDREWS. Speaking of the main line, you mean from Chicago clear down to the Gulf?

Mr. WALLACE. Yes, sir; from Chicago to the Gulf. No; I would like to correct that statement. On the north end of our line, after we get north of Centralia, say within 300 miles of Chicago, the heaviest tonnage is normally towards Chicago.

Mr. ANDREWS. How is it on the southern end of the line?

Mr. WALLACE. On the southern end I say it is generally south, because we have cotton that comes to New Orleans and grain that comes here, but there are times when the v'ume is the other
759* way, and sometimes there is a considerable rence; there is a heavy tonnage. I might say that, as a rule, south of the Ohio River, with the exception of during the crop-moving period, that it is north bound, as applied to the main line of the Illinois Central.

Mr. ANDREWS. What do you call the crop period?

Mr. WALLACE. I mean when cotton moves, the grain moves. Of course at present we are moving very little grain to New Orleans, and after the cotton is moved we expect the light tonnage to be south bound and the heavy tonnage north bound.

Mr. ANDREWS. Then it doesn't occur simultaneously?

Mr. WALLACE. No.

Mr. ANDREWS. Now, in your opinion, is it necessary for the Illinois Central Railroad Company to be constantly increasing the standard of its maintenance; and if so, why is it necessary?

Mr. WALLACE. Well, it is. The requirements——

Mr. ANDREWS. Suppose you didn't do that; suppose you didn't undertake to constantly increase the standard by providing for betterments—heavier rails, better ballast, heavier locomotives, heavier cars, convenient stations, and comfortable cars—would you meet the public requirements, and would you be able to earn a reasonable return on the original investment, in your judgment?

Mr. WALLACE. It would be only a question of time when it would be in the hands of a receiver.

Mr. ANDREWS. Why does it deteriorate?

Mr. WALLACE. Everything of a physical nature deteriorates,
760* of course, from the time that it is created. The history of railroads, particularly in the West, has been this: When they were originally constructed, they were economically located and cheaply constructed. The banks were narrow, the grades were steep; made to suit the motive power, speed, and tonnage necessary at the time they were built. The speed required was not high, and the traffic was light, comparatively, both in weight and density. As the business increased the public demanded faster trains, the necessities of commerce demanded heavier cars, heavier locomotives, and increased efficiency of service, and any railroad that did not increase its standard of maintenance and keep up with the procession, why, of course, it would very naturally lose business and would not be able to economically handle the business it had.

Mr. ANDREWS. Then, as I understand you, Mr. Wallace, what was originally required in the operation of railroads is to-day not sufficient to properly maintain a railroad like the Illinois Central?

Mr. WALLACE. No.

Mr. WALLACE. In other words, conditions are changed in regard to railroads in every way. For instance, the business has outgrown the

usefulness of, say, round houses and other buildings, and you have to set them aside and replan them, don't you?

Mr. WALLACE. Yes. Business conditions are changing continually. We have had cases on our line where we had to wipe out an entire establishment; where those that we constructed at first were of no use.

761* Mr. ANDREWS. And even relocate railroads?

Mr. WALLACE. And relocate railroads. Of course sometimes that is due to the necessity of a change in the grading. A road is located to suit a certain grade. For instance, suppose you locate and run your road. The location will be sufficient of a one per cent grade, but will not be sufficient for a one-half of one per cent grade, and you have got to relocate, so there is a continual application for facilities that had become necessary, and that is going on all the time. Originally we used small water tanks, holding, say, 25,000 or 30,000 gallons; but with an increased number of trains those water tanks were not sufficient, and we had to go up to 50,000 and in some cases to 100,000 gallon tanks.

Mr. ANDREWS. Had to throw away your old ones?

Mr. WALLACE. We would not throw away those particular tanks, but we would move them and put them on branch lines and eliminate the smaller ones there; but in all this movement there is an expense attached to it and the final elimination of the property.

Mr. ANDREWS. Can you give us any further illustrations or examples bearing on this subject?

Mr. WALLACE. I can. We had opened a branch line between and East Carondelet, that we put in with the view of doing a certain character of business, but the business conditions changed, and now we practically have no use for it. These are examples, though I couldn't remember them all by any means.

762* Mr. ANDREWS. Now on this same line, isn't it a fact that the Illinois Central Railroad Company has had, in recent years, to expend immense sums of money which in no way aided or increased its earning capacity, by reason of the enormous expenditures made for the elevation of tracks in various cities, required by ordinances? Take Chicago, for instance. What amount of money has the company been required to expend in that way, which did not reduce, or does not reduce, materially, the cost of operation?

Mr. WALLACE. Well, we have had to make the following changes, or the following character of expenditures that have not materially reduced our operating expenses and have not increased our earning capacity: The elevation of our tracks in large cities; the elimination of grade crossings with overhead crossings or subways in smaller towns, and sometimes in the open country; the construction, operation, and maintenance of interlocking plans; grades raised on account of high water. In that particular matter we are now spending several hundred thousand dollars north of Memphis in order to raise our tracks above the heretofore water line; the construction of a levee to protect the St. Francis basin on the west side of the river; the construction of culverts to improve the drainage. We have had, in many places, to spend money for these things.

Mr. ANDREWS. Now, how much, Mr. Wallace, have we expended in the city of Chicago for track elevation up to the present date?

Mr. WALLACE. We have already expended in the city of Chi-
763* cago for track elevation $2,000,000. There are ordinances in effect which will require an additional expenditure of $500,000, and there are other ordinances under consideration in Chicago and other cities that will call for an expenditure in the near future of a million and a half dollars, and that tendency to require the elevation of tracks, the construction of subways, viaducts, and overhead bridges, which started in Chicago, is extending to other large cities, like Memphis and New Orleans. In the latter city the question is now being agitated to require us to elevate our tracks in St. Joseph street, and we are doing so in smaller towns, so that I may say that the requirements in regard to construction, operation, and maintenance, such as I have referred to, are general all over the country.

Mr. ANDREWS. That being the case, Mr. Wallace, how would you provide for these contingencies?

Mr. WALLACE. There are only two ways to meet expenditures of this kind; one is out of the earnings, and the other is out of increased capitalization.

Mr. ANDREWS. Now, Mr. Wallace, please tell us how much the Illinois Central has expended for betterments and additions during, say, the last ten years, up to June 30th, 1903?

Mr. WALLACE. The Illinois Central expended for additions and betterments on the system, in round numbers, $81,482,426. Of this this amount $63,668,787 was provided for out of capital account, and $17,806,039 was defrayed from income. I want to say, in passing
764* here, that this money was expended under my personal general direction and largely upon facilities that were planned and recommended by me.

Com'r PROUTY. How much new track did you lay out of that money?

Mr. WALLACE. That money was spent—before I answer that question specifically, I want to say that money was spent in that sum, in part, in the way of branch lines and second tracks, new docks, elevators, grade reductions, warehouses, increased water supply, track elevation, and various improvements, some of which I have already enumerated. I couldn't say, Mr. Prouty, but I can get the information for you, if you desire it, as to what this money has actually been expended for.

Com'r PROUTY. No: I don't care about that, but I thought you might be able to give the number of miles of new track.

Mr. WALLACE. No; I couldn't say, for during the ten years we have been doing the work constantly, double tracking, tracks in the New Orleans yards and extending side tracks, and I would have to refer to our reports to give you the exact figures.

Mr. ANDREWS. What I wanted particularly in that statement to show is that this amount so expended in betterments and additions represents, approximately, one and a quarter per cent of the average cost of the property. Is that right?

Mr. WALLACE. That's correct.

Com'r PROUTY. You know what dividends the Illinois Central has paid for the last ten years?

Mr. WALLACE. Yes, sir. They paid five per cent up to, I think, September, 1900, when they paid five and a half per cent;
765* I mean in that year, and since then six per cent, charging off annually, ten per cent of the value of any physical property, for depreciation, is generally considered a wise business method by business men engaged in manufacturing establishments, or by any large interest owning a large amount of physical property, and railroads of course, do not keep their accounts that way. The only way a railroad company can, or the way the Illinois Central Railroad Company endeavors to take care of that matter of depreciation in a small way, is by doing as we have done during the last ten years, paying for a certain amount of these betterments and improvements that are not ordinarily classed as maintenance expenses out of the income, and to show what that has amounted to is the reason I have given this average amount annually, which is approximately one and a quarter per cent on the average cost of the property during this period. I find that the total—I have some figures here that I would like to give you in regard to another phase. Of course it might be said that a large part of the railroad maintenance expenses are different from the expenses of an ordinary manufacturer, in this, that when we renew a railroad we renew it outright, and it is charged for repairing. If the ties are gone they are entirely renewed. I have some figures here, which I have taken for the ten years, of all the money that has been expended for maintenance of track, maintenance of equipment, and for betterment, out of income, and it shows that during the ten years we have averaged six and a half per cent on the value of the physical property. In other
766* words, it represents the amount of money spent in ten years for maintenance of way, maintenance of equipment, and including the seventeen and odd millions of dollars that have been spent for improvements and betterments, out of income, has averaged six and a half per cent on the average value of the property. Now the reason I say the average value of the property is this, that the value of the Illinois Central property, each year, as we have added to it out of capital, would of course increase the cost of that property to the company; would have increased the investment, and instead of taking the cost of the property as it is now we have taken the average cost of the property for these years, as it has been increased during this ten-year period.

Mr. ANDREWS. When you are taking money from the income and adding it to betterments instead of charging it to capital, isn't that a benefit to the public?

Mr. WALLACE. Yes, sir. If you will excuse me, I would like to finish on this subject.

Mr. ANDREWS. I thought you were through; I don't want to hurry you.

Mr. WALLACE. I have some matters here that I would like to bring in. It is obvious that a much larger amount must be set aside during years of prosperity, in this way, in order to meet years of depression. The last ten years have been years of, at least to the Illinois Central Railroad Company, what might be called unusual prosperity, although there were a few years in the course of the ten, when business conditions were not favorable, and if we did not do this we

767* would meet the years of depression when we would be unable to make such betterments and additions as might be necessary. It is plain that the height of prosperity has been reached, and that from now on there will be a decided depreciation in railroad property.

Cross-examination:

Mr. GREEN. I understand you to say, Mr. Wallace, that in the last ten years there has been $17,806,039 taken from the income and put into the Illinois Central Railroad Company's property which is not included in its capital account or in its bonded indebtedness. Is that right?

Mr. WALLACE. That is true.

Mr. GREEN. So that if your capital account and your bonded indebtedness represents its true value on which charges and dividends are paid—I mean its value from which dividends are paid—then the real value would be at least $17,806,039 more than that amount?

Mr. WALLACE. Yes; it would be in that way. That is, if this money was not necessary to provide for depreciation, it would be an addition to the value of the property of the company that is not represented by any stocks or bonds, and upon which the company has no fixed charges to pay.

Mr. GREEN. Will you say whether it has been more beneficial to the public to take the money from income and put it in these betterments than it is to capitalize it in that way by that amount?

Mr. WALLACE. Well, the object and effect is to reduce the permanent fixed charges necessary to handle the business and

768* increase the ability of the railroad company to reduce rates, and in that manner it results in benefit to the public. Any line of policy which keeps the fixed charges at a minimum is of benefit to the general public in maintaining conditions that enables the railroad company to do business. What I have said in regard to these charges out of income has been with the view of showing that it has not been the intention of our company to conceal its revenue in betterment, and that is why I voluntarily bring it out at this time and at this hearing; but it is simply in line with what we have considered good, fair business policy and good, fair business management in conserving the interests of that corporation that I, as manager, represent, and for the general benefit of the public.

Mr. GREEN. I wish you would state, Mr. Wallace, whether the operating expenses of the Illinois Central Railroad Company have been kept as low as possible, having due regard to the safety of the road and its ability to handle the traffic offered. Has every item of labor and material that form part of this expense been procured as cheaply as possible, having due regard to necessary qualities?

Mr. WALLACE. I consider it has.

Mr. GREEN. During your administration?

Mr. WALLACE. Yes, sir.

Mr. GREEN. Where the number of locomotives and cars have been increased, I wish you would state whether such increase has been necessary in order to handle the traffic offered to the com-

769* pany, and has it been found possible to secure a sufficient number of cars to handle all the traffic offered to the company—I mean in the year past.

Mr. WALLACE. Up to recently—and up to recently I mean a few months ago—it has been impossible to secure the necessary locomotives and necessary cars to properly handle the traffic. There has been a great deal of difficulty in getting orders promptly filled by the manufacturers of locomotives and cars. We have now outstanding old orders for 70 locomotives which will be delivered after January 1st, 1904. Most of those orders were given, some of them, over a year ago, and I presume they would not be given to-day if we had anticipated a year ago the conditions that now prevail, but we are under contract to receive 70 during the year 1904.

Mr. BAXTER. Mr. Wallace, will you furnish a statement showing the following statistics for the fiscal years ending June 30th, 1900, to June 30th, 1903, relative to that part of the Illinois system known as your old main line, from Chicago to New Orleans: First, gross earnings; second, operating expenses; third, net income from operations; fourth, net income from all sources; fifth, interest on bonded debt; sixth, rental of leased lines; seventh, taxes; eighth, dividends; ninth, surplus; tenth, number of miles operated; eleventh, amount expended in permanent improvements and betterments, and charged to operating expenses; twelfth, amount expended in permanent improvements and betterments charged to construction account or any account than that of operating expenses; thirteenth, amount set aside out of earnings for permanent improvements, but not yet ex-
770* pended; fourteenth, vouchers showing every repayment made to shippers; fifteenth, bonded debt per mile of road; sixteenth, capital stock per mile of road, and, seventeenth, total capitalization per mile of road?

Mr. WALLACE. Yes, sir.

Mr. BAXTER. For your convenience I will give you that list and ask you to furnish a copy to counsel on the other side, or send it to the Interstate Commerce Commission, and send a copy to my office, if you please.

Mr. WALLACE. Yes, sir.

Com'r PROUTY. I wish, Mr. Wallace, you would file a statement showing your rates, by divisions, from the Ohio south.

Mr. WALLACE. I will send you a profile showing that in detail.

771* Mr. GREEN. Mr. Wallace, when did your connection with the Illinois Central Railroad Company commence as a general officer of the company?

Mr. WALLACE. January 1, 1891.

Mr. GREEN. Where did you get your information as to the capitalization and the proceeds of the land grant?

Mr. WALLACE. I got that from the company's records.

Mr. GREEN. Has the company on its books a separate account which will show the proceeds of the sale of this land grant?

Mr. WALLACE. Yes, sir.

Mr. GREEN. Will you file with your testimony a copy of the books of the company showing the proceeds of the land grant?

Mr. WALLACE. Yes, sir; I can do that.

Mr. GREEN. Will you do so?

Mr. WALLACE. Yes, sir. Of course, that is qualified in this way: While I have access to those books in my official capacity, it will re-

quire action of the vice-president, under whose control they are, to get that information, but I apprehend he will be willing to
772* furnish any information I ask for in connection with my testimony.

Com'r PROUTY. He has already stated what they amount to.

Mr. GREEN. There is a wide divergence between his information and what we understand the books show. I ask him to show what the books show in respect to this land grant.

Mr. ANDREWS. Mr. Wallace, you got that information from the first vice-president's office, did you not?

Mr. WALLACE. Yes, sir.

Mr. ANDREWS. You do not keep the books?

Mr. WALLACE. No, sir.

Mr. ANDREWS. He furnished that information?

Mr. WALLACE. Yes, sir.

Com'r PROUTY. I understood that Mr. Wallace stated that.

Mr. ANDREWS. There is a copy of the general result from the vice-president's office, showing the total amount realized out of this and what we did with the balance. We have furnished that once. It is in the statements we furnished these gentlemen. I do not think we ought to be asked to do it over.

773* Mr. GREEN. If it is there, you will not be asked to do it again. If it is not there, we want the information. The original capital stock of the main line of the Illinois Central from Cairo to Chicago was fifteen million dollars, was it not?

Mr. WALLACE. This was December 31, 1854.

Mr. GREEN. Up to 1860—give the figures for 1860.

Mr. WALLACE. I have not the figures for 1860.

Mr. GREEN. What have you for 1854?

Mr. WALLACE (referring to papers). $27,690,000.

Mr. GREEN. Capital stock?

Mr. WALLACE. Yes, sir.

Mr. GREEN. Is it not a fact, Mr. Wallace, that up to 1860 the capital stock was $15,655,000, and that the funded debt was $15,672,000, making the total liabilities $31,327,000?

Mr. WALLACE. I have not the figures to say as to that.

Mr. GREEN. What would you say as to that?

Mr. WALLACE. I would say I do not know.

Mr. GREEN. Is it not a fact that in 1860 the railroad, the main line from Cairo to Chicago and equipment, had cost $27,000,000?

774* Mr. WALLACE. I have not the figures with me that show the cost on that date.

Mr. GREEN. Are you prepared to say that that is not correct?

Mr. WALLACE. I do not know anything about it; that is from my present knowledge here. You understand, I presume, that there have been no two periods when that has been constant. It increases and changes. Additions to the property have been going on continually.

Mr. GREEN. In 1860, is it not true that the company had $12,598,600 of notes for the lands in hand?

Mr. WALLACE. I could not say of my knowledge anything in regard to the condition of affairs in 1860.

Mr. GREEN. Then, you do not know that in 1860 they had 1,334,725 acres of land sold, which they then valued and carried on their books as $27,636,350?

Mr. WALLACE. I do not know whether that is true or not.

Mr. GREEN. Will you refer to the books of the Illinois Central and send us the balance sheet as part of your testimony for the year 1860 showing the condition of the company in that regard?

Mr. WALLACE. I can get that.

775* Mr. GREEN. When was the capital stock of the Illinois Central increased from its original amount to $52,500,000, as it was in 1900?

Mr. ANDREWS. You will find that in Table 10 of the report.

Mr. WALLACE (referring to report). This is not filed. I can give you this as testimony. What year did you desire?

Mr. GREEN. The capital stock increased from the original amount to $52,500,000. When were the increases made?

Mr. ANDREWS I can give it to you if you want it.

Mr. GREEN. Read it, Mr. Wallace.

Mr. WALLACE. December 31, 1883, the capital stock was $29,000,000 and there were 1,928 miles of operated road in that year. During the year ending December 31, 1887, that capital stock was increased to $40,000,000 and the mileage had increased to 2,355 miles. In the year ending June 30—we changed to the fiscal years, on account of the Interstate Commerce Commission desiring the change—in the year ending June 30, 1891, the capital stock was increased to $45,000,000 and the mileage up to that time had increased to 2,875 miles. In the year ending June 30, 1893, the capital stock was increased to $50,000,000 and the mileage had in the meantime

776* increased to 2,888 miles. In the fiscal year ending June 30, 1896, the capital stock was increased to $52,500,000 and the mileage had up to that time increased to 3,067 miles. In the fiscal year ending June 30, 1900, the capital stock was increased to $60,000,000 and the mileage had in the meantime increased to 3,845 miles. In the fiscal year ending June 30, 1901, the capital stock had increased to $66,000,000 and the mileage in the meantime had increased to 4,215 miles. In the fiscal year ending June 30, 1902, the capital stock was increased to $79,200,000 and the mileage had increased up to that time to 4,276 miles. During the fiscal year ending June 30, 1903, the capital stock was increased to $95,040,000 and the mileage had increased in the meantime to 4,293 miles.

Mr. ANDREWS. Is that mileage single-track miles?

Mr. WALLACE. That is miles of road operated. It may be eight tracks, or four, or two, or one—miles in length of railroad.

Mr. GREEN. During the year 1900, I understand you to state that there was an issue of stock of the Illinois Central Road of $7,500,000.

777* Mr. WALLACE. Yes, sir.

Mr. GREEN. For what purpose was that stock issued?

Mr. WALLACE. Well, it was for the general purposes of the railroad company. Of course, there are three ways by which a railway company can secure the money to pay for additions to its property and improvements, etc.: First, by the issuing of bonds; second, by the issuing of additional stock, and third, they can pay for it out of their income. Now, in order to maintain the proper credit of the com-

pany—and that is one of the points that the Illinois Central have been extremely careful about—it is necessary that a certain relation shall obtain—that is, a rough relation—between bonds and stock. If we attempted to raise all the money we needed by the issue and sale of bonds on new property, the bonds would become so much higher than the stock that the purchasers of the bonds would not consider that they had sufficient security in the form of stock, our credit would be impaired, and we would have to pay a higher rate of interest on the bonds. Therefore, it is sometimes more economical and better business policy to increase your stock in order to maintain your credit and get the money you raise on your bonds at the lowest possible interest.

778* Mr. GREEN. Was the issue of this $7,500,000 for the purpose of bettering the line south of Cairo, of the Chicago, St. Louis & New Orleans Railway?

Mr. WALLACE. Part of it was; yes, sir. We have been reducing grades on this line south of Cairo, double tracking, putting in block systems, and putting in ballast where we had no ballast before, and making a great many general improvements. It is impossible for me to say what particular improvements this $7,500,000 paid for, for this reason: The increase in this capital stock was made at the time in connection with the refunding of the bonds to suit the financial conditions, although that money may have been already expended, or it may not have been spent until the next year. That particular money, part of it, might have been spent in Iowa or in Illinois, and part of it might have been spent in Mississippi.

Mr. GREEN. However, a portion of that was obtained for the purpose of betterments along the whole line north and south of the river.

779* Mr. WALLACE. Yes, sir; we endeavor to operate the Illinois Central Railroad as a whole for the best advantage of the entire enterprise.

Mr. GREEN. That is also true of the issuance of the six million of stock in 1901?

Mr. WALLACE. The same answer would apply to that. Now, part of this increase might have gone into equipment—I do not mean to say into equipment to replace existing equipment, but into additions to equipment.

Mr. GREEN. Well, the same answer applies to the increase of $13,200,000 in 1901 and the increase of $15,840,000 in 1903, does it not?

Mr. WALLACE. Yes.

Mr. GREEN. Now, your reason for giving the stockholders of the Illinois Central road this nearly $42,000,000 of stock at par was, as I understood you, because if you sold the amount of stock that was really necessary to meet your engagements it might depress the value of the stock on the stock market, was it?

Mr. WALLACE. I gave that as one reason.

Mr. GREEN. What concern has the public, who pay the cost of transportation to the Illinois Central Railroad, in the Illinois Central Railroad's desire to maintain a financial position?

780* Mr. WALLACE. The motive had no relation particularly to the stock market itself, but as the Illinois Central Railroad is, of course, composed of such part of the general public as its stock-

holders consist of, it is due to those stockholders and it is also due to the general public in a way that its affairs be managed in a conservative and businesslike way.

Mr. GREEN. Assuming that this stock was sold or could have been sold at a premium of, say, 140—assume that arbitrarily—was it not an injury to the traveling public, who had to pay rates to maintain this company, to have issued more stock than at the market value of the stock was required to meet the exigency and raise the necessary funds?

Mr. WALLACE. Well, of course, it may not be pertinent for me to say so; but I do not consider that a fair assumption, because the men in charge of the property did not consider that it would be possible to have placed that stock at the market value or anywhere near it. Now, there has been more or less difficulty with such stock as the company has had to sell in being able to sell that stock and
781* have the general public absorb it without depreciation in the value of its stock.

Mr. GREEN. Now, to illustrate, Mr. Wallace, when you issued the $15,840,000 of stock in 1902 at 140, that stock was worth $22,176,000 on the market, or the sum of $6,636,000 more than the company realized for it, was it not, on that assumption?

Mr. WALLACE. Well, I think that is purely theoretical. We have a recent example of a case where a large railroad company, a railroad company of fine standing, did endeavor to place its stock at a premium—the Pennsylvania Railroad Company—and, of course, while I am not familiar with the details of it, it is more or less common knowledge that they failed or almost failed to place that stock at the price they desired to place it at on the market.

Mr. GREEN. The question is not whether they would get a great or small premium, but the question is whether as against the public the Illinois Central Railroad had the right to issue more stock to raise the money that was necessary for its purposes than was actually necessary to be sold or issued.

782* Mr. WALLACE. Well, I do not think there is any doubt but what they had the right.

Mr. GREEN. As to the corporation, there is no doubt about that. I am speaking as to the public now.

Mr. WALLACE. You have to buy money the same way you buy anything else. The more economically the Illinois Central could get the money that went into its improvements, of course, indirectly, the better it would be, not only for the stockholders of the Illinois Central, but also for the general public. That is true to that extent, but what I did not want to do was to say that it could save all this money between the par value of the money and its market value.

Mr. GREEN. I did not mean to institute a comparison, but I wanted to put the proposition that the issue of a surplus of stock was not right as between the company and the public.

Mr. WALLACE. Well, I do not want to say that.

Mr. ANDREWS. You do not want to say they did issue a surplus of stock, do you?

Mr. WALLACE. No; I do not.

783* Mr. GREEN. These stockholders that got this $15,840,000 could have gone out on the market and sold it at the premium, could they not?

Mr. WALLACE. No, sir.

Mr. GREEN. Well, at a premium?

Mr. WALLACE. I do not know. It would depend on whether they could find a buyer at that price. It might have depressed it so that it would sell below par.

Mr. GREEN. What has been the financial history of the Illinois Central in the last ten years? Has it not been able to fund its outstanding bonds at the lowest commercial rate of interest prevailing?

Mr. WALLACE. It has, and it has been due to just such acts of good, sound, conservative business management as induced it to handle its stock increases in this way.

Mr. GREEN. As between it and the financial world, that may be true; but when a man raises a bale of cotton or a ton of hay and has to pay the rates on this increased stock, don't you think a different question arises?

Mr. WALLACE. I do not think that necessarily follows. I
784* think any railroad company that manages its business to its interest and according to square, fair business methods is doing a better service to the public and is so managing that property that in a long period of years the public will get the very best and most benefit out of the way that property is managed, through the average rate or ultimate rate that may be obtained.

Mr. GREEN. As between the Illinois Central Railroad as a carrier exercising by delegation the governmental function of exacting tolls from the public, do you think that it has any right to create a pension fund and thereby require the public to contribute in rates thereto?

Mr. WALLACE. I do, most certainly, and more than that, I think it is an obligation of humanity that rests on any corporation or any public interest, and it is to the benefit of the general interest of the public that our old, faithful employees be taken care of. I believe that to be right, whether the men work for the United States Government as soldiers or for a railroad company as employees or whether they carry boards at a saw mill.

Mr. GREEN. You think, then, that the government of the
785* State of Illinois would delegate to you the right of eminent domain to condemn private property for public use and exact tolls from the public on grounds of humanity or sentiment in order to provide for the indigent and needy?

Mr. WALLACE. There is an additional obligation. There is a phase of justice in it. I think if we had more humanity and more sentiment, not only in our railroad corporations, but in our governmental management, and even in the management of our industrial enterprises, we would all be better off.

Mr. GREEN. The Chicago, St. Louis & New Orleans Railroad Company is a chartered corporation of the States of Kentucky, Tennessee, Mississippi, and Louisiana, is it not?

Mr. WALLACE. I believe so.

Mr. GREEN. It has a separate, independent, corporate franchise and existence from the Illinois Central Railroad Company, does it not?

Mr. WALLACE. I believe so; yes, sir.

Mr. GREEN. In taking the condemnations of the rights of way of what you call the Illinois Central through Mississippi for your double track, were not all the rights of way taken under the eminent domain

power of the Chicago, St. Louis & New Orleans Railway Company?

786* Mr. WALLACE. I could not say. That is a legal question. I do not know what legal method was used in those condemnations.

Mr. GREEN. Is not that a fact? Did not that pass under your review?

Mr. WALLACE. It might have. I might have known of it at the time, but do not recollect it.

Mr. GREEN. This Chicago, St. Louis & New Orleans Railway Company, in 1883, you say, had a capital stock of about $41,000,000?

Mr. WALLACE. Not a capital stock. It had a capitalization of about that. I do not remember the details as to how much of that was bonds and how much stock, but it had, in round figures, what we call a capitalization of about $41,000,000.

Mr. GREEN. You recollect, do you not, that it had a capitalization of $10,000,000, which is now called in your reports "the leased line stock?"

Mr. WALLACE. I know it had at least that much, and I know we guaranteed 4 per cent on that amount and called it the "leased line stock."

787* Mr. GREEN. The bonds of the Chicago, St. Louis & New Orleans Railroad Company, including the old issue of the New Orleans, Jackson & Northern as one of its elements, the Mississippi Central Railway Company as one of its elements, and the Mississippi & Tennessee as one of its elements, were by this contract of lease between the Illinois Central and the Chicago, St. Louis & New Orleans Railroad Company in 1882 and under the supplement of 1889 agreed to be paid by the Illinois Central Railroad Company, were they not?

Mr. WALLACE. That is my understanding of it.

Mr. GREEN. And those were the bonds which, with the ten millions of stock, aggregate, according to your recollection, about forty-one million dollars?

Mr. WALLACE. I do not understand that we agreed to pay that forty-one million dollars of bonds, but I understand we assumed a certain portion of those. My recollection is that it is ten and sixteen, instead of forty-one—sixteen millions of bonds and ten millions of stock.

Mr. GREEN. Yes; I think that is right.

788* Com'r PROUTY. They afterwards laid out the additional sixteen millions on the property.

Mr. GREEN. No, sir. This Chicago, St. Louis & New Orleans Railroad Company by that lease of 1882, was by contract to preserve its autonomy, preserve its officers, and the Illinois Central was to furnish a fund not to exceed five thousand dollars for the payment of officers and going expenses, so far as administration was concerned.

Mr. WALLACE. I do not remember all the details of that lease. I would like to correct your statement that this additional sixteen millions which the Commissioner referred to was not applied on this property. It was.

Mr. GREEN. I meant under the terms of the contract between you and the Chicago, St. Louis & New Orleans there was nothing of that sort in the lease.

Mr. WALLACE. That may be true. There is a provision in that

lease, if I recollect right, that gives the Illinois Central a lien on that property to whatever extent it may find it necessary to expend additional money for the improvement and enlargement of that property.

Mr. GREEN. And under the lease the Illinois Central is to maintain it in first-class condition or in the condition in which it
789* was received and return it in 400 years in as good condition as when received.

Mr. WALLACE. That is my recollection.

Mr. GREEN. Now, for the purpose of giving it the power to exact tolls under this charter of the Chicago, St. Louis & New Orleans Railroad Company, the Illinois Central Railroad Company agreed to pay on the capital stock of ten million dollars of the Chicago, St. Louis & New Orleans Railroad Company, to its stockholders, an annual dividend of 4 per cent, or four hundred thousand dollars, as rental, did it not?

Mr. WALLACE. Yes, sir.

Mr. GREEN. When the Illinois Central Railroad Company received the Chicago, St. Louis & New Orleans Railroad Company under that lease it was then an operating railroad from New Orleans to Cairo, was it not?

Mr. WALLACE. I understand it was—that is, to what we call East Cairo.

Mr. GREEN. Now, under that contract of lease, as stated by you, the Illinois Central Railroad Company is to have a lien upon
790* the property upon the termination of the lease to secure it for the value of such increment as it has added upon the property over and above the condition it was in when it was received.

Mr. WALLACE. That is the way I understand it.

Mr. GREEN. Therefore, the Illinois Central Railroad Company, as a corporation, stands as a creditor, a mortgaged creditor, of the Chicago, New Orleans & St. Louis Railroad Company for all these expenditures that it is making upon this road over and above the condition in which it was received, does it not?

Mr. WALLACE. That is the way I understand it; yes, sir.

Mr. GREEN. As to the stockholders of the Chicago, St. Louis & New Orleans Railroad Company, they bargained for a dividend of 4 per cent on their stock for 400 years as a return to them for their investment in the capital stock of that company, did they not?

Mr. WALLACE. Yes, sir.

Mr. GREEN. There is no provision in this lease whereby the Illinois Central Railroad Company is to receive any compensation in the way of interest or otherwise for such advancement of money as
791* it chooses to make to the Chicago, St. Louis & New Orleans Railroad Company during the 400 years, is there?

Mr. WALLACE. I do not know as to that.

Mr. GREEN. Well, the lease will speak for itself. I know there is not.

Mr. WALLACE. I understand that lease is on file, is it not?

Mr. GREEN. Yes, sir; it is on file in the papers, but I wanted to bring it out by questions so that it would be apparent to the Commission. Now, the Illinois Central Railroad Company, as a mortgage creditor, is making these large improvements upon the Chicago, St. Louis & New Orleans Railroad, is it not?

Mr. WALLACE. Yes, sir; as I understand it.

Mr. GREEN. And as against the public, the Illinois Central Railroad Company wants the public, who are dealing with the Chicago, St. Louis & New Orleans Railroad Company, not only to pay the stipulated dividend of 4 per cent on the ten millions of stock, but they want them, as an element of the Illinois Central Railroad system, to earn an additional sum on the stock which has been issued to
792* raise the money to make these improvements, do they not?

Mr. WALLACE. Yes. I do not see why that situation is any different from the Illinois Central Railroad Company providing any additional railroad property and paying for it in 4 per cent securities, or in providing for additional mileage entirely, either by purchase or by lease at an annual cost of the 4 per cent and on the basis of the interest on the assumed bonds.

Mr. GREEN. The State of Mississippi, by legislation, sanctioned this lease that the Illinois Central made with the Chicago, St. Louis & New Orleans Railroad Company, did it not?

Mr. WALLACE. I understand it did.

Mr. GREEN. And in that lease the return on the capital stock of the Chicago, St. Louis & New Orleans Railroad Company was fixed for 400 years at 4 per cent on the capital invested, was it not?

Mr. WALLACE. I understand it was, but there is this thing to be considered. The obligation to pay this 4 per cent is continuous and absolute for 400 years. The period of the Illinois Central
793* Railroad Company to so operate this property in connection with its own as to insure a payment of 6 per cent dividends to the stockholders of the Illinois Central Railroad is not assured and may cease to exist in a year or two years or any other period from this date, while the obligation to pay the 4 per cent remains.

Mr. GREEN. Yes, sir; it is a guaranteed debt of the Illinois Central Railroad Company, but the point I wish to emphasize is this, that under the charter of the Chicago, St. Louis & New Orleans Railroad Company and under the terms of the lease, which the several States which had chartered the Chicago, St. Louis & New Orleans Railroad Company sanctioned, the dividends were fixed on that stock as between the Chicago, St. Louis & New Orleans Railroad Company as a public carrier and the public at the rate of 4 per cent dividends upon that stock?

Mr. WALLACE. That is very true, but I do not see how that stock, which represents a certain amount of property, that guaranteed stock, is any different in any way from a bond, an income bond, or any other method that one railroad company may exercise in securing control of another.

794* Com'r PROUTY. Suppose, Mr. Green, instead of leasing its road, they operated it, and in order to put it in shape to operate they allowed sixteen million dollars; they would have a right to earn on that investment and also pay a dividend of 4 per cent on the capital stock. What difference does it make?

Mr. GREEN. It makes a very great difference. The franchise being operated is not that of the Illinois Central, but is that of the Chicago, St. Louis & New Orleans.

Com'r PROUTY. You think the public might in justice pay the Chicago, St. Louis & New Orleans, but ought not to pay the Illinois Central the same sum?

Mr. GREEN. Yes, sir; I will further develop that idea, your honors. Now, as I understand it, Mr. Wallace, you have declared a 6 per cent dividend on the whole capitalization of $95,000,000 for the Illinois Central Railroad this year, have you not?

Mr. WALLACE. Yes, sir.

Mr. GREEN. Before you declared that dividend, you deducted from your earnings $400,000 to pay the 4 per cent dividend on the
795* capital stock of the Chicago, St. Louis & New Orleans Railroad Company, did you not?

Mr. WALLACE. That was paid when it was due.

Mr. GREEN. Well, that was paid?

Mr. WALLACE. Certainly it was paid.

Mr. GREEN. Now, according to that, you have required the public to pay on a basis of 6 per cent earnings for the whole line, have you not?

Mr. WALLACE. Not on a basis of 6 per cent earnings. The public have paid on a basis of 6 per cent of the capital stock of the Illinois Central Railroad Company.

Mr. GREEN. In other words, those earnings were earnings of the whole line?

Mr. WALLACE. They were the earnings of the whole line.

Mr. GREEN. Including the Chicago, St. Louis & New Orleans?

Mr. WALLACE. Including the Chicago, St. Louis & New Orleans.

Mr. GREEN. The public, dealing with the Chicago, St. Louis & New Orleans Railroad Company, first paid in tolls the 4 per cent dividend on the ten millions of stock, did it not?

Mr. WALLACE. Yes, sir.

796* Mr. GREEN. Then, in addition to that, the public, dealing with the Chicago, St. Louis & New Orleans Railroad Company, paid a sufficient amount in addition to have enabled the Illinois Central to declare a 6 per cent dividend on its whole capital stock, did it not?

Mr. WALLACE. That is true; but if the Illinois Central Railroad Company had purchased from a contractor building the Chicago, St. Louis & New Orleans Railroad—or whatever the name of it is—had purchased from a contractor this railroad, had assumed sixteen million dollars of its obligations, and had told him, "we do not want to pay you in cash for the rest of this property, but we will guarantee you four hundred thousand dollars a year income for 400 years on ten million dollars," that would have represented the cost of that property to the Illinois Central Railroad Company, whether it had been in the form of lease or purchase from the contractor, or however the road may have been acquired, together with its franchise. Now, suppose the Illinois Central Railroad Company had turned around and lifted the sixteen millions of bonds and had issued new bonds in place of this guaranteed stock at 4 per cent, it would have had
797* out twenty-six millions of bonds, representing the cost to it of this piece of railroad. Now, that would have been like any other part of the Illinois Central Railroad system. It would first have to pay the interest on the bonds, and then if it earned enough over that it would have declared its 6 per cent dividend. The same thing occurs on other parts of the Illinois Central. It is true we have to pay interest on our bonds before we pay the dividends on our stock, and it is true if we did not have to pay the 4 or 3½ or 5, or whatever

per cent our bonds bear, and if that money was in our treasury, our earning capacity would be increased and our stockholders would earn more than 6 per cent.

Com'r PROUTY. This is a different proposition, Mr. Wallace. Suppose you operated all the rest of your system at a loss, or came out even, do you think you would have a right to earn enough on this piece of road down here to pay 6 per cent on your stock?

Mr. WALLACE. Well, I do not see why not if it is part of our system.

Com'r PROUTY. Well, as Mr. Green says, this is a separate proposition, constructed under a separate charter, which gives permission to somebody to charge a reasonable toll. That was the phrase-
798* ology, I think, in these old charters down here. I can readily understand that you have a right to earn on these lines money enough to pay interest on the underlying bonds and 4 per cent on the guaranteed stock and a fair return on the additional money you put in here, which amounts in all to about forty-one million dollars—and that is why I ask you to make a statement showing your net earnings on this line down here—but I cannot quite understand why you should have a right to tax this country down here to make up some loss in Iowa, for instance. I do not say you are doing it and I do not suppose this line is more profitable than your other lines. But if it should turn out that you earn 25 or 30 per cent here and are losing money elsewhere, that would not be a good reason to advance this lumber rate, would it?

Mr. WALLACE. I follow that line of reasoning, but the Illinois Central is to-day made up of I do not know how many different corporations. Some of them have been consolidated and some have been carried on lease. Say there were 30 of them in different parts of the system. In order to best serve the public and obtain the best results to the stockholders it is necessary that the system be
799* operated as a whole, and it may be very true that one year there may be a branch line in Iowa that may have its separate and distinct franchise that may lose money; the next year it may be the Louisville division; the next year the Canton, Aberdeen & Nashville. That might occur, but where the entire system, with all these 25 or 30 subsidiary lines, is operated for the general benefit of the public, operated together as one system and in harmony, I do not see anything inequitable in the distribution and equalization in the profits and losses. Now, another feature of this that has not been touched upon, and that is this: The line between East Cairo and New Orleans has got an enhanced value on account of its being part of the Illinois Central Railroad system. It also is of much more benefit to the public in the way of efficiency in service rendered and in a great many other ways on account of being part of the Illinois Central Railroad than it would be if operated alone and independent.

Com'r PROUTY. Of course it would be utterly impossible to take all the different sections of your system and inquire whether the rates were reasonable on each piece by itself, because traffic which
800* originates on one part goes to feed the main line. Perhaps you ought not to charge as high a rate on the branch as you would otherwise charge if the branch was operated as an independent proposition, but still there is a limit beyond which you can not carry it. You could not say to a farmer up in Iowa, who complained

that his rates were too high from the Missouri River into Chicago, that your system as a whole was losing money, unless you could show his rate was a reasonable rate of itself. If you were charging him an extortionate rate for carrying his grain, it would not be an answer to say that you are losing money on your whole system.

Mr. WALLACE. I have no doubt there is an equity in that should that loss extend over a long series of years. There might be circumstances surrounding it in which there might be some equity in it, but I am speaking of the actual conditions on the Illinois Central Railroad and of all the circumstances that surround the property.

Com'r PROUTY. You are very likely right in saying that the rates are properly adjusted now, but my purpose in asking you to furnish a statement showing what the earnings on this line were was to see whether that is true or not.

801* Mr. WALLACE. We will do that.

Mr. GREEN. This 2 cents advance under discussion was made for the purpose of increasing the rate on your road south of the Ohio River, was it not, from 14 to 16 cents, and it covers this specific railroad, the Chicago, St. Louis & New Orleans, does it not?

Mr. WALLACE. I do not know anything about the traffic feature of it.

Mr. GREEN. Well, is it not a fact this advance was made to cover the rate south of the Ohio River.

Mr. WALLACE. I have paid very little attention to the traffic feature of this matter, but, of course, if I understand that rate, it was entirely on the line south of the Ohio River and to Cairo and the lines beyond do not receive any benefit from it, of course; yes, sir.

Mr. GREEN. That is the fact, and this 2 cents advance is a problem so far as your road is concerned that affects the Chicago, St. Louis & New Orleans Railroad Company in its right to exact what is a reasonable toll from the public, does it not?

Mr. WALLACE. Well, that is getting pretty deep for me.

Com'r PROUTY. The Illinois Central must stand in the

802* place of that company, I expect, and has the same rights that company would have.

Mr. GREEN. There is no doubt about that, but as to the question as to the right to exact I was going to show it was measured by the territory covered by this particular railroad and they were exercising the franchise of this particular road in seeking to exact the advance.

Com'r PROUTY. Mr. Wallace says he will file the figures showing the earnings of this road.

Mr. WALLACE. I would like to make this remark in explanation: These questions to me seem to be with a view of showing that the Illinois Central Railroad Company would not have the right in equity to exact more than enough to pay this 4 per cent on this guaranteed stock. The Illinois Central Railroad Company——

Com'r PROUTY. You need not spend any time on that. Of course they would.

Mr. WALLACE. If that is clear to you, that is all that is necessary.

Mr. GREEN. I have before me a certified transcript of a portion of the return of the Illinois Central Railroad Company to the Mississippi State railroad commission for the year ending June 30, 1903.

803* Com'r PROUTY. What does that report cover—simply its operations in Mississippi?

Mr. GREEN. It gives the whole capital stock, the whole bonded indebtedness, the whole dividends, and then undertakes to apply them to the State of Mississippi.

Com'r PROUTY. Does it do it under some arbitrary rule?

Mr. GREEN. The railroad makes its own returns. The forms are prescribed, but the railroad makes its own return. I want to call your attention to the return as the total cost: Cost of road, equipment, and permanent improvements, total cost to June 30, 1903, of the Illinois Central Railroad Company as of July 1st, 1902, $59,959,014.79.

Com'r PROUTY. That is not the whole Illinois Central Railroad?

Mr. GREEN. It gives that as the cost of the Illinois Central. I read what the report says: "Illinois Central Railroad, as of July 1st, 1902: Cost of acquired roads as of July 1, 1902, $1,888,870.40; Chicago & Springfield Railroad, $1,448,517.13; Chicago, Havana & Western Railroad, $1,844,919.75; Chicago, Madison & Northern Railroad, $10,538,224.04; Riverside & Harlem Railroad, $204,329.43; Mound City Railroad, $12,968.68; Chicago & Texas Railroad, $1,691,
804* 074.73;" making a total aggregate as returned of $77,387,920. That is up to June 30, 1903. That must have been intended for a "2," because we have to June 30, 1903, $84,249,030.14, or a cost per mile of $51,837.90. Is that a correct showing of the statistics of the road as to cost?

Mr. WALLACE. I do not know anything about that statement. I could not say unless I checked it over.

Com'r PROUTY. That would not embrace this leased line from Cairo down to New Orleans at all?

Mr. GREEN. No, sir.

Com'r PROUTY. What is the total mileage given there?

Mr. GREEN. It is divided as to capital stock on 1,623.24, $58,478 per mile, and then bonds are stated on the basis of 2,558.04 miles; amount of bonded indebtedness per mile, $25,294, or $83,772 of stock and bonds per mile of the road.

Com'r PROUTY. What do you understand that that statement you read showing cost of road represents?

Mr. GREEN. I understand that represents all except this line south of the river—the Illinois Central proper.

Com'r PROUTY. You read some statement of some road to be $51,000 per mile. What road was that?

805* Mr. GREEN. For instance, the Chicago & Springfield Road they appear to have purchased during the year, and it added to the cost.

Mr. BAXTER. I will state that it appears from the 53rd Annual Report of the Illinois Central Railroad for the fiscal year ended June 30, 1903, on page 6, that the roads he read out there are the Illinois Central Railroad proper and then certain acquired lines which are owned by the Illinois Central. Then, follow in the report the South Chicago Railroad; the Blue Island Railroad; the Rantoul Railroad; the St. Louis, Alton & Terre Haute Railroad, St. Louis Division; the Canton, Aberdeen & Nashville Railroad; the Stacyville Railroad; the Hodgenville & Elizabethtown Railway; the Troy & Tiptonville

Railroad; the Chicago, St. Louis & New Orleans Railroad, Louisville Division, lease and mortgage lien; lien on Dubuque & Sioux City Railroad to secure I. C. 4 per cent western lines bonds; and Omaha Division. Of the last roads the Illinois Central does not own any of them, but controls them through control of stock or otherwise.

In that list is the Chicago, St. Louis & New Orleans. That is
806* put down at $42,503,669.33 for the year 1903. That represents the amount expended on that road up to June 30, 1903.

Mr. GREEN. The point I want to call attention to from this Mississippi report is this: It gives the capital stock at $95,040,000 and the grand total of bonds at $64,703,525, or a total aggregate of $159,743,525; the total amount per mile of line of stock and bonds is given as $83,772, and the cost per mile, which I have recited is given as $51,837.90. In other words, according to this report the stock and bonds stand at 83 and the grand total cost of construction, equipment, etc., per mile at 51, in round numbers. Now, if that is true, if there is a difference between the actual cost of construction on your books and the stock and bond issue as 51 is to 83, would you not say that there was an excessive issue of stock and bonds upon a road that did not have a greater value than that?

Mr. WALLACE. In the first place, I do not know anything about that report. I base my testimony upon my knowledge of the physical condition of the property and my connection with it and what I have found in figures in our regular accounts and in our regular
807* reports. We take in the system as a whole. I have not attempted to make any separate special analysis of special parts of the line in this testimony, and I do not know anything about that report or the figures contained in it.

Mr. GREEN. What is the actual present value of the railroad, its equipment and property, excluding stocks and bonds from the calculation?

Mr. WALLACE. That is all set forth in the general balance sheet in the annual report to the stockholders of June 30, 1903, and I understand the same data is contained in the regular reports to the Interstate Commerce Commission.

Mr. GREEN. Will you kindly give us the amount according to your books of the present value of the railroad and equipment irrespective of the element of stocks and bonds?

Mr. WALLACE. I can read the figures if some one will take them down and add them up.

Mr. MILLER. What page is that?

Mr. WALLACE. Page 5 of the 53rd Annual Report of the Directors to the Stockholders of the Illinois Central Railroad Company for the year ending June 30, 1903: Cost of railroad and equipment,
808* $175,320,981. The real estate is $312,135; material and supplies, $2,208,096. Now, there is an item here of "stocks owned" that represents railroads just as much as the railroads in the other items.

Mr. GREEN. We want only the present value of the railroad.

Mr. WALLACE. This is simply another way we had of paying for the Dubuque & Sioux City Railroad, which is part of the tangible property of the railway. The stock is listed at a lower value than that. I think that is the nominal value. That stock is valued at

$6,419,739. That is the value of the stock, although that amount of money would not rebuild that property today, but for the purpose of getting at the cost of the property it would be fair to take that in the same as you take in the one hundred and seventy-five million the other parts of the railroad and system cost.

Com'r PROUTY. Is there not an underlying mortgage in addition to the stock on your Iowa line?

Mr. WALLACE. Yes, sir; I think there is.

Com'r PROUTY. You should add the value of the stock and mortgage together to get the value of the property.

Mr. GREEN. I wanted to get the present value of the property and then proposed to add the amount of stock and bonds together so as to prove how the road was stocked and bonded.

809* Mr. WALLACE. That is why I made the remark that the six millions would not reproduce the Dubuque & Sioux City road as property. If your purpose is to check this off against the capital stock, you are necessarily brought back to this general balance sheet.

Mr. GREEN. I do not propose to check it against the capital stock; I want to know the present cash value of the railroad and equipment owned by the Illinois Central Railroad Company.

Mr. WALLACE. The next item would be "Advance on account of other railroads." I will show you the detail of that. The total is $6,786,514. The detail of that is shown in Abstract F of this annual report. I take it you have this annual report.

Mr. GREEN. We are dealing with the actual value of the property.

Mr. WALLACE. There are certain of these lines that this amount represents. It does not represent the entire value, but a part of it as near as we can get at it. In some cases the accounts are not closed.

810* Com'r PROUTY. What are you trying to get?

Mr. GREEN. The actual value of the railroad and equipment as property of the Illinois Central Railroad.

Com'r PROUTY. Do you want the lines the Illinois Central owns?

Mr. GREEN. I want the whole property as represented by their capital stock and bonds.

Com'r PROUTY. Take that Iowa proposition. They do not own that road. They own the stock. If you want to find out whether their road is overcapitalized or not, you would want the cash value of that stock.

Mr. GREEN. I wanted first the actual value of the road, and then I wanted the capital stock and bonds, and then I wanted to know the market value of the capital stock.

Com'r PROUTY. Take this Iowa road. There is a road, as I remember, that has an underlying mortgage of some million dollars, which the Illinois Central is under no obligation to pay. It is obliged to pay it because it owns the stock, but it is under no contractual liability. If you take the value of that road, you would not get what you want.

811* Mr. GREEN. The question there would be as to the value of the equity of redemption, which is the only property they have.

Com'r PROUTY. I do not believe Mr. Wallace can tell you anything about that. He may have a general impression as to whether the Illinois Central is worth what it stands at in the balance sheet. All

he professes now to tell you is what that balance sheet shows. That is all he can tell you.

Mr. GREEN. Who made up the statement of the balance sheet, and who would be competent to inform us of the value of the railroad as a property?

Mr. WALLACE. Well, as far as the balance sheet is concerned, that is made up in our accounting department under the general control of Mr. Welling, the vice-president. As far as anyone being able to tell you as to the actual value of the property, I do not know of anyone any better qualified than myself. As far as what these accounts represent in detail and as far as analyzing these accounts is concerned, there is no one better qualified to do that than Mr. Welling, the vice-president and the head of the department in which these accounts are kept.

812* Mr. GREEN. I will ask you to file, as an exhibit to your testimony, the several assessment rolls for taxation of the different properties, the several railroad properties owned and controlled by the Illinois Central Railroad Company, as returned by the Illinois Central Railroad Company and as fixed by the railroad assessors, and the amount of the capital stock and bonds outstanding on each of the properties, with an explanation of the mileage and the cost per mile of construction, if you please.

Mr. ANDREWS. We have answered one of those questions here by saying it would cost us a considerable sum of money to get it up, and if the gentlemen will furnish the money we will be glad to furnish it.

Mr. MILLER. Mr. Andrews, I would like to ask if Poor's Manual does not give that information?

Mr. ANDREWS. I do not know whether it does or not.

Com'r PROUTY. Are there any States in which your company is required to make a return in which you place a value on your property for taxation?

Mr. WALLACE. In some States. In Illinois we pay no taxes on the original main line as taxes. We pay Illinois 7 per cent on our earnings on that part of the main line in lieu of taxation, but the

813* custom in other States and in Illinois in regard to other lines is different to some extent.

Mr. GREEN. To emphasize this, Mr. Wallace, I will ask you whether you are able to state that the present value per mile of the railroad properties of the Illinois Central Railroad Company is not practically $51,837?

Mr. WALLACE. I would say, in a rough way, that the Illinois Central property would average up a value of approximately $50,000 a mile; that is, roughly, approximately.

Mr. GREEN. Now, this advance that we are inquiring about——

Mr. WALLACE. Do not misunderstand me. I do not mean that that amount would reproduce the property as it is to-day, but from the accounts they would show that the property cost approximately fifty thousand dollars a mile.

Com'r PROUTY. Your leased line cost more than that, did it not? How many miles are there of the Chicago, St. Louis & New Orleans?

Mr. WALLACE. I do not mean any particular part. I mean an average of the whole.

Com'r PROUTY. How many miles long is that road?

814* Mr. WALLACE. 550 miles, roughly, and then one hundred miles——

Com'r PROUTY. 650 miles?

Mr. WALLACE. Yes, sir. That line is much more expensive than the same amount of line north of the Ohio River.

Com'r PROUTY. Would it cost sixty-four or sixty-five thousand dollars per mile to reproduce that property?

Mr. WALLACE. My judgment is that it would cost fully that, if not more.

Mr. GREEN. Do you count that a double or single track road?

Mr. WALLACE. I count it as it is to-day.

Mr. GREEN. Through Illinois it is double.

Mr. WALLACE. I am talking of south of the river.

Mr. GREEN. South of the river it is doubled tracked, is it not?

Mr. WALLACE. It is doubled tracked from East Cairo to Fulton. That is 40 miles, roughly, and it is single tracked from Fulton to Jackson; it is double tracked from Jackson to Hammond and single tracked from Hammond to New Orleans, except two or three stretches now under construction of double track, partly fin-
815* ished, and while we use from Kenner into New Orleans in connection with the Y. & M. V., both have the benefit of the double track.

Mr. GREEN. When did the double tracking of this Chicago, St. Louis & New Orleans in Mississippi commence?

Mr. WALLACE. It has been under construction for years. We first constructed a short amount south of Jackson to Crystal Springs, and then extended it to Hazelhurst. Then we commenced a section down south of McComb. It has been going on, I judge, the last 4 or 5 years.

Mr. GREEN. First the grades were raised, were they not?

Mr. WALLACE. When you commence to develop a single-track railroad the first thing is to lengthen sidings; then to construct sidings for passing trains; then to double track short sections out of the principal points; then by and bye the double tracking extends as you consider it necessary for the business.

Mr. GREEN. Then you did a large amount of work eliminating curves, did you not?

Mr. WALLACE. Not so much in curves—not on that line. We reduced grades on that portion of the line between East Cairo and Fulton from 53 feet to the mile down to 38 in both
816* directions and doubled tracked that 40 miles. At Jackson, between Terry and Crystal Springs, we made that grade 20 feet straight. It was a broken grade before. I do not recollect what it was. Part of it, I think, was 26 or 28 feet and a short portion, I think, 32. We cut that down to give a maximum grade between Jackson, Miss., and New Orleans against south-bound traffic of 20 feet to the mile.

Mr. GREEN. This work of double tracking and improving the track has been in progress several years in Mississippi, has it not?

Mr. WALLACE. It has.

Mr. GREEN. You have got the road in Mississippi now in such shape, from Jackson to Memphis, that you can haul 80 loaded cars, have you not?

Mr. WALLACE. No; I would not answer it in that way. There might be some parts of it we could haul 80 loaded cars on with some engines, but we could not haul 80 loaded cars with any of our engines from Memphis, Tenn., to New Orleans.

Mr. GREEN. I am speaking of Jackson to Memphis.

Mr. WALLACE. From Jackson to Memphis, by using part of
817* the Yazoo & Mississippi Valley track, we might with some engines, for part of the distance, haul that many cars, as far as tonnage is concerned, in a north-bound direction, under certain conditions.

Mr. GREEN. Well, the Yazoo & Mississippi Valley is really your freight-traffic route from New Orleans via Jackson to Memphis, is it not?

Mr. WALLACE. The Yazoo & Mississippi Valley is an entirely independent corporation from the Illinois Central.

Mr. GREEN. That is the route it moves? It is the easy haul for the Illinois Central? The main line of the Chicago, St. Louis & New Orleans from Jackson north is not used as the freight-carrying part of your road for its main purposes, is it?

Mr. WALLACE. It has been right along.

Mr. GREEN. Have not your improvements in Mississippi been with a view of so reducing the grades and eliminating the curves that you can use the Yazoo & Mississippi Valley road from Memphis to Jackson and then the Chicago, St. Louis & New Orleans road from Jackson to New Orleans and haul a train of 80 loads with a locomotive?

Mr. WALLACE. I will not say 80 loads, because I consider
818* a train of 80 loads an impracticable train to haul. We have improved the Illinois Central Railroad south of Jackson, Miss., and the Yazoo & Mississippi Valley, another corporation, has improved its line and the grades on its line between Jackson, Miss., and Memphis, Tenn., with a view of the two companies together cooperating to form a low-grade line to Memphis.

Mr. GREEN. The Illinois Central owns and operates the Yazoo & Mississippi Valley, does it not?

Mr. WALLACE. No, sir.

Mr. GREEN. Does it not own the stock?

Mr. WALLACE. I do not know. The Yazoo & Mississippi Valley is a distinct railroad, with a distinct corporation and distinct set of officers.

Mr. GREEN. Does it not operate in connection with the Illinois Central as one corporation?

Mr. WALLACE. No, sir; it does not.

Mr. GREEN. And have the same officers?

Mr. WALLACE. Some of the officers are the same; but the business, the accounts of the two railroad companies, are kept as distinct for business purposes as two manufacturing plants or any other two railroads, as far as that is concerned.

819* Mr. GREEN. The accounts are kept as separate as two manufacturing plants owned by the same corporation, are they not?

Mr. WALLACE. I do not know anything about the ownership of the Yazoo & Mississippi Valley Railroad. Of course, I know some of the officers are in common over both.

Mr. GREEN. You are an officer of the Yazoo & Mississippi Valley, are you not?

Mr. WALLACE. Yes, sir; I am general manager.

Mr. GREEN. Who are the officers of the Yazoo & Mississippi Valley?

Mr. WALLACE. Our general list will show. I am general manager of the Illinois Central and of the Yazoo & Mississippi Valley. I said our general list will show. I thought it was easier to refer to that than to go over the names.

Com'r. PROUTY. It is part of the Illinois Central, is it not?

Mr. WALLACE. It is an entirely distinct and separate corporation. The two roads, of course, work together and work in harmony.

820* Mr. Green. Don't you use the same engines out of Jackson, the same cars, and have the same operating expenses in the yards? Is it not identically the same corporation so far as operation is concerned?

Mr. WALLACE. No, sir; I will not say that. I will say this, that they are operated in absolute harmony with each other, and at New Orleans we use the same terminus; at Jackson, Miss., we use the same terminus, and at Memphis the two companies use the same terminus.

Mr. GREEN. They have the same ticket agent and station agent at Jackson, have they not?

Mr. WALLACE. Yes, sir.

Mr. GREEN. The whole equipment and everything is common to the two roads?

Mr. WALLACE. Everything is in common at Jackson.

Com'r. PROUTY. Do you in fact turn this lumber over to the Yazoo & Mississippi Valley at Jackson?

Mr. WALLACE. I want to explain about the situation at Jackson. The Illinois Central operate part of the Yazoo & Mississippi Valley Railroad from Jackson, Miss., to a point called Gwin. Gwin is the junction point at which the Illinois Central organization turns

821* over to the Yazoo & Mississippi Valley organization its freight. At Jackson the Illinois Central Railroad operates—I do not know the exact arrangement, I think under a lease—but they operate part of the Yazoo & Mississippi Valley as far north as Gwin.

Com'r. PROUTY. How many miles?

Mr. WALLACE. I do not recollect how many miles. It must be in the neighborhood of one hundred miles. I have not any of our figures to show that exact distance. It is about halfway to Memphis from McComb. It is 160 some odd miles from Gwin to Memphis. The Yazoo & Mississippi Valley Railroad takes the freight and business at Gwin, hauls it to Memphis, and the freight that is for any of the connecting lines at Memphis the Yazoo & Mississippi Valley turns over to those lines. The freight for the Illinois Central Railroad it turns over to the Illinois Central at Memphis.

Mr. GREEN. What traffic agreement is there between the roads, what divisions do they make?

Mr. WALLACE. That is a traffic proposition I do not know anything about.

Mr. GREEN. Don't you know that the lumber that is hauled

822* north from Jackson is hauled by the Illinois Central Road over the Yazoo & Mississippi Valley Road to Memphis, and that the fruit trains and lighter trains go by the main line?

Mr. WALLACE. Not entirely; no. The light trains do go by the way of Grenada and north, and I will frankly tell you and admit that it is part of the plan of the two corporations to eventually turn as much of their slow freight as possible by the way of the low-grade line, but so far it has been done only at times, and there has not yet been an exclusive turning of all the low-grade freight in that direction.

Mr. GREEN. You have not completed all your contemplated improvements on the south part of this road in the way of double tracking and station facilities and all that, have you?

Mr. WALLACE. I do not presume we ever will complete them.

Mr. GREEN. You have not got the double track through?

Mr. WALLACE. No; we have temporarily stopped it, because we do not expect further increase of business will justify it for a few years to come. Just a few days ago we issued orders to stop all work on our double track.

823* Mr. GREEN. Could I have understood you to mean that on this end of the Illinois Central Railroad, with these incomplete, indeterminate factors of improvement, you have reduced operation to its lowest common denominator?

Mr. WALLACE. No; I did not say that.

Mr. GREEN. What did you say in that regard?

Mr. WALLACE. I said I thought we had about reached the reasonable limit of practicability in regard to reduced operating expenses. I did say, if I remember my testimony, that we might still be able to make economies, and probably would, but we would not in the future be able to make large economies. I am speaking of railroads in general and the Illinois Central in particular.

Mr. GREEN. Don't you think it would be a decided economy when you arrive at the point in reducing the grades where you could haul 80 loaded cars over these roads?

Mr. WALLACE. We have reduced the grades on the Y. & M. V. and Illinois Central for its part of the distance between Memphis and New Orleans to the fullest extent we have ever contemplated reducing them.

Mr. GREEN. What is the degree of efficiency of that portion of the road for the transportation of freight trains?

824* Mr. WALLACE. In tons I could not tell you. It depends on the class of engines assigned to that line and the practicability of the length of train that can be moved over it.

Mr. GREEN. Then you are not in position to say whether this end of the road, as a transportation problem, is operated as economically as it could be efficiently operated, are you?

Mr. WALLACE. As I said before, I think with these grade reductions we have made we have about reached the reasonable practicable limit of economy in that direction; yes, sir.

Mr. GREEN. Notwithstanding you have not put in practice yet your contemplated improvements?

Mr. WALLACE. We have put them in. I said we did not use that line absolutely and exclusively.

Com'r PROUTY. You can handle 50 loaded cars, can you?

Mr. WALLACE. We can over part of the line. Regardless of an engine's traction power there are certain reasons why it is undesirable to haul excessive trains. Our men object to it. We have more

liability of accident due to it, and where we do it we have to make our cars stronger. We have about reached the limit of draft gear and things of that kind. These long trains are very slow to handle.

825* It is very difficult to get them out of the way of other trains at passing points, and it is a very serious question with railroad managers, which I do not think is yet fully determined, as to what is the exact practicable length, all things considered, of a freight train.

Mr. GREEN. Then what is the sense of your railroad buying 75 ton engines if it is not for the purpose of using them?

Mr. WALLACE. It is, but we use the large engines on portions of the road where the grades are steep and where it takes a larger engine to pull a train. We do not consider it is economical to use the largest and heaviest engines on those portions of the roads where the grade is absolutely level.

Mr. GREEN. Is it not a fact that your largest engines are used north of the Ohio River?

Mr. WALLACE. The largest engines are used between Memphis and Carbondale now. We have two large engines, the largest we have on the road between Carbondale and Mound. They were so large, we found they were not as economical as lighter engines and did

826* not buy any more. We went back to smaller engines.

Mr. GREEN. What is the size of the largest engine you consider efficient—not these two inefficient ones you bought for the Mound business?

Mr. WALLACE. The size which we now consider our most efficient engine is an engine with 20 by 38 cylinders.

Mr. GREEN. What are the tons?

Mr. WALLACE. I have not the tons in weight, because, as I said before, we have several different weights of this same engine. We have been experimenting.

Mr. GREEN. About what is the amount of tons?

Mr. WALLACE. I can get you that information and furnish it.

Mr. GREEN. You can tell generally, can you not?

Mr. WALLACE. Well, I might be wrong in it. They are in the neighborhood of 100 tons.

Mr. GREEN. What size are the seventy engines you have ordered and that have not been delivered?

Mr. WALLACE. There are 40 of them, 20 by 28, for freight service.

Mr. GREEN. In tons?

827* Mr. WALLACE. They are practically the same as the others in tonnage. They may be 90 tons or 105 tons. There are ten of them passenger engines of the Atlantic type, and the other 20 are switch engines.

Mr. GREEN. You consider a one hundred ton engine an efficient engine.

Mr. WALLACE. For certain parts of the road.

Mr. GREEN. What parts?

Mr. WALLACE. The parts we have assigned them to. We use them between Chicago and Carbondale, and between Carbondale and Mound, and between Mound and Memphis by way of Fulton.

Mr. GREEN. What is the character of the country from Cairo to Carbondale?

Mr. WALLACE. It is hilly. The maximum grades are 38 feet to the mile.

Mr. GREEN. What is the maximum grade south of Memphis to the mile, now, on the Yazoo & Mississippi Valley and the Illinois Central?

Mr. WALLACE. 20 feet.

Mr. GREEN. What size engine do you haul with over there?

Mr. WALLACE. I do not remember now what engines are assigned to that territory.

828* Mr. GREEN. How would the carrying capacity of your engines now compare with the carrying capactiy in 1893?

Mr. WALLACE. Well, the average is greater.

Mr. GREEN. How much greater?

Mr. WALLACE. I could not say.

Mr. GREEN. About how much?

Mr. WALLACE. I could not say, even approximately, without going into my figures. We have been adding to our equipment every few months and have been adding heavier engines.

Mr. GREEN. You have been increasing since 1893 the tonnage capacity of your cars, have you not?

Mr. WALLACE. We have.

Mr. GREEN. So you would say now, on the question of economical operation, that a train of freight cars could carry a very much larger per cent of freight over your road than it could in 1893?

Mr. WALLACE. The hauling capacity of our engines and the tonnage in our trains is only one element in the expense of transportation. There are so many factors in railway operation; while you are effecting economies in one direction you may be adding expenses in another. The mere fact that you are able to haul more ton-

829* nage in your trains and with your engines does not mean that you are able to operate your railroad cheaper than ten years ago. It means that you may have improved on that one element.

Mr. GREEN. If that is not a very important factor, what was the sense of going to the expense of obtaining additional and larger engines and cars?

Mr. WALLACE. That is true in part, as far as it goes; but in the railroad business, where our expenses swell in one direction, we try to compensate for that by saving in another.

Mr. GREEN. You can not give me any approximate ratio, can you, of increased carrying capacity between the two periods?

Mr. WALLACE. Not without referring to my records in Chicago.

Mr. GREEN. By the statement rendered to the Mississippi State commission, the income account, it is recited that the gross earnings from operation were $16,193,849.89; operating expenses, $10,624,-240.65, making a difference of $5,569,609.24, which is marked as income from operation. It is then recited, "add lines north of

830* Cairo, $9,280,584.27, making an aggregate of $15,350,193.51. Does that $5,569,609.24 mean the net earnings of the road south of the Ohio River?

Mr. WALLACE. I do not know anything about that statement.

Mr. GREEN. If $5,569,609.24 are the net earnings south of the Ohio River, what proportion would that bear to the net earnings of the whole system?

Mr. WALLACE. I could not say. I have not examined that statement, and could not examine that question without going into an involved calculation.

Mr. GREEN. We will offer these extracts from the reports to the Mississippi Commission by the Illinois Central in evidence.

(The same are hereto annexed and marked " Exhibit A.")

NOTE.—Exhibit A, being a certified copy of certain statements rendered by the Illinois Central Railroad Company to the Mississippi Railroad commission, is omitted for the reason that is contains matters officially reported by said company to the Interstate Commerce Commission, which, under stipulation between counsel of date July 14, 1905, may be referred to by either party on the hearing of this cause.

Mr. GREEN. I understood you to say that money was made by a railroad on a two-way haul.

Mr. WALLACE. I do not think I expressed myself in that express language.

Mr. GREEN. That may not be the technique; that is the substance, is it not?

Mr. WALLACE. What I said, or meant to say, was that the
831* more equally your traffic is balanced, the more profitable it is to the railroad company.

Mr. GREEN. Is it not true that this lumber business is a business that is constant the year round?

Mr. WALLACE. It is in a way.

Mr. GREEN. Is it not in that particular a better business than the cotton business or the grain business or any other business you know of as to constancy of traffic?

Mr. WALLACE. Not necessarily so.

Mr. GREEN. Name a better commodity.

Mr. WALLACE. There are a great many other elements. In order to determine whether one particular business is profitable or not as compared with another you must consider all the elements that surround that business, the way it is done, and everything that surrounds it. For instance, we have had a great deal of lumber that was on our cars over 35 days. We have had cases where we could bring cotton in here from Mississippi and unload it and get the cars back again and make frequent trips with those cars, and, again, you must consider the amount of tonnage you can get to the train of one commodity as compared with another. There are a great many other elements besides the element of constancy.

832* Mr. GREEN. I am speaking now of constancy. Lumber is the most constant traffic you have on your road, is it not?

Mr. WALLACE. No, sir.

Mr. GREEN. What other is?

Mr. WALLACE. Coal.

Mr. GREEN. Is not the traffic in coal accelerated in the winter months?

Mr. WALLACE. Well, it is so handled that it is becoming more and more uniform with us the year round.

Mr. GREEN. Don't you get a shorter haul out of coal than out of lumber?

Mr. WALLACE. We have got some very long hauls out of coal, but

where we get short ones we get the cars back and make successive trips.

Mr. GREEN. Does not lumber stand longer trips?

Mr. WALLACE. Yes, sir; but it ties up our equipment a greater length of time. Our coal is delivered on our own terminals or tracks adjacent to our own terminals, and a good deal of the lumber is taken off, for instance, into Missouri and Iowa, and our cars are tied up.

Mr. GREEN. Is not the idea in railroading a long haul at a good rate?

833* Mr. WALLACE. Certainly.

Mr. GREEN. Now, lumber is loaded and unloaded by the shipper and consignee, is it not?

Mr. WALLACE. Yes, sir; so is coal.

Mr. GREEN. Does not the Illinois Central charge two dollars a car for transferring lumber where a car is overloaded and requires to be transferred in transit?

Mr. WALLACE. I do not remember what our charges are in that respect. I believe we are in the habit of making a charge. What it is, I do not recollect. One thing I desire to say is this about the comparison of lumber and coal: We can get less tons of lumber in one of our trains in paying freight than we can of coal.

Mr. GREEN. In the matter of the construction of these double tracks, how do you charge the equipment that is used in that service?

Mr. WALLACE. I do not understand your question.

Mr. GREEN. You use, for instance, a train load of cars in construction service. What charge do you make in your operating expenses or elsewhere for the use of those cars or the maintenance of those cars?

834* Mr. WALLACE. Well, we do not make any charge, as a rule, for the use of the cars, but the repairs and maintenance of the cars are charged to whatever construction account they are used in.

Mr. GREEN. Has it not been the fact that these long sidings that have been put in here for a number of years have been charged to maintenance of way?

Mr. WALLACE. No, sir.

Mr. GREEN. Have they been charged to the construction account?

Mr. WALLACE. Yes, sir.

Mr. GREEN. As property?

Mr. WALLACE. Yes, sir. I want to qualify that in this way: As our accounts show, and as my testimony shows, we have each year for the last ten years taken care of a certain part of our improvements out of income. We have not been doing specific things with that money. It has been going into the general fund and simply decreased in the aggregate the amount charged to capital, except, I think, in the last year the amount put into the property out of income was applied to the purchase of additional equipment.

Mr. MILLER. What was the amount of that?

835* Mr. WALLACE. I think last year it was four million four hundred and some odd thousand—a little less than five million dollars.

Mr. GREEN. Among the many ills you have recited here that the railroad company has to bear and pay for are those of elevating tracks and causeways, etc., bringing your road into a safe condition

so far as the public is concerned—measures of public safety, I may say; by reason of those increased demands upon your road for these precautionary measures, the expenditures have grown up of late years, as I understand it.

Mr. WALLACE. The necessity for the railroads making such improvements for the safety of the public has become impressed upon the minds of the public in late years to require us to do work of this character.

Mr. GREEN. Has not that arisen because of the enormous increase in the traffic of the railroad whereby it has used these public highways to such an extent as to more than ever endangered the lives of the public?

836* Mr. WALLACE. In part; not altogether. The population, of course, has increased along the roads and the traffic on the roads has greatly increased. The traffic on the highways and on the streets has also greatly increased, and the public sentiment has become more and more educated to require a greater degree of safety on the part of the railroads in their methods of operation.

Mr. GREEN. But if the railroad companies had not increased the servitude they are imposing upon these public easements the expenditures for public safety would not have been necessary, would they?

Mr. WALLACE. Well, yes and no. The question of the amount of traffic has been one of the elements, of course, in the motive that inspired the public to demand the elevation of tracks, but it has been only one of the motives.

Mr. GREEN. You have spoken of the difficulties of the labor situation and other ills that your corporate life has been vexed with. Is your class of corporation the only class of corporation that has been vexed with the same sort of difficulty?

Mr. WALLACE. Well, I do not know to what extent others have. Of course, I presume that those that relate to the railroad company have impressed themselves more thoroughly on my mind than the others.

837* Mr. GREEN. Don't you know, as a matter of common knowledge, that all the manufacturing industries have been troubled with the same character of demands upon their exchequer as the railroad companies have?

Mr. WALLACE. I do not know that all of them have. I know a great many have, but the isolated manufacturer, particularly the manufacturer in the country—that is, in this particular case, say the sawmill man—I do not imagine that outside of the increase due to supply and demand they would be subject to the same amount of difficulty, as far as labor organizations are concerned, that a corporation would be that employes thousands of men and has those men banded together in these organizations.

Mr. GREEN. You have recited a great many of the ills, expensive ills, too, that have grown up of late years in corporate life, but, Mr. Wallace, have not those ills, so far as the labor situation is concerned, grown up because of the conviction of the labor organizations that the railroads were prosperous and that they could afford to pay greater wages, and, as you characterize it, share in the era of prosperity?

Mr. WALLACE. I think that has been a motive. The real
838* motive has been the desire that exists among all classes of men to get all the money they can for their services, and when they get the other man in a position that he has to give it up, they require him to give it up. Of course it is true as railroad companies earn more money their employees feel that that is a good time to strike for it.

Mr. GREEN. I suppose you would think that this desire to absorb what the other party has finds no place in the relations between the carrier and the lumbermen on the 2-cent advance?

Mr. WALLACE. I judge that the railroad company desires to get all the revenue it can legitimately out of its business and the lumberman desires to have his lumber carried at the lowest sum he can secure the carriage for. There is one remark I would like to make about labor, if you will excuse me. The desire on the part of organized labor to receive a larger return for its services when the country is prosperous, or on the part of railway employees from the railroads when they are prosperous, would be perfectly fair and equitable if that same class of men would realize that when times are not prosperous
839* and earnings fall off that a declination of their wages should go with it; but that is one of the things labor fights for, to always get an advance and never submit, if they can help it, to a decrease—that is, they are not willing to have their wages fixed on a sliding scale. Our employees have come to me and asked if I would advance their wages, as the price of living had advanced. I said, I am perfectly willing to advance on that basis if you will agree when earnings fall off to accept a corresponding reduction. They would refuse.

Mr. GREEN. I understood you to say that during the past few years the railroads, especially the Illinois Central, had enjoyed unusual prosperity. Is that correct?

Mr. WALLACE. The railroads have been more prosperous the last ten years than they were the preceding ten years. Of course expenses and everything else have gone up also.

Mr. GREEN. Was not that the condition in December, 1902?

Mr. WALLACE. That was in a period when things were prosperous; yes, sir.

Mr. GREEN. Was it not so in January, 1903?

Mr. WALLACE. It was so in January, 1903. At the same time
840* our expenses in both those periods showed a tendency to rapidly increase and we were doing a largely increased business with a largely increased expense.

Mr. GREEN. Was it not true in February, 1903?

Mr. WALLACE. The same answer would apply.

Mr. GREEN. And March?

Mr. WALLACE. Yes, sir.

Mr. GREEN. And April?

Mr. WALLACE. Yes, sir.

Mr. GREEN. Now, as I understand you, this advance of rate was first broached in December, 1902, was it not?

Mr. WALLACE. I do not know. I know nothing about the rates.

Mr. GREEN. That is all.

Mr. MILLER. On the subject of the earnings of the Illinois Central

Railroad I have some figures here taken from Poor's Manual. That is a standard and accepted authority, is it not—really made up from your reports?

Mr. WALLACE. Well, I very seldom have occasion to refer to Poor's Manual, as I have access to the original figures that it is based upon. Of course generally it is considered to be fairly reliable, although there are a great many times when it is simply a compilation
841* from railroad reports. I hardly think I am competent to pass on that; that is, to give it the stamp of a standard reference book.

Mr. MILLER. I understand the whole object of your testimony is to justify the Illinois Central in maintaining this advance of 2 cents per hundred pounds on yellow-pine lumber from this territory.

Mr. WALLACE. I do not understand it so. I understand I have been called here to give such facts as came to my knowledge that throw light on the subject, whether they favor the maintenance on the part of the railroad or favor a reduction on your part.

Mr. MILLER. Now, the point is that because there was a constantly diminishing proportion of net earnings you were entitled to place these new burdens on the traffic. Is not that so?

Mr. WALLACE. Yes, sir.

Mr. MILLER. The absolute increase has been steadily increasing from year to year.

Mr. WALLACE. During the last ten years it generally has.

842* Mr. MILLER. I have figures showing that the net income, for instance, in 1896 was $10,010,388; fixed charges, $6,924,663. The fixed charges embrace taxes, rentals, etc., and left $3,085,725 for dividends. Then, in 1897 the net income was $9,591,189 and the fixed charges $6,812,638, leaving $2,778,551. In 1898, according to these figures, it was $4,388,655 in 1899 it was about the same, $4,331,507; in 1900, $5,657,274; in 1901, $6,967,660; in 1902, $9,136,161; in 1903, $10,729,392. That shows a constant increase of net earnings for dividends.

Mr. WALLACE. I do not know anything about the figures you read me, but our annual reports, which are practically to our stockholders, do show what those figures were.

Mr. MILLER. Don't you understand that those figures in Poor's Manual were compiled from the figures of the railroads?

Mr. WALLACE. I understand they are, but I do not say those are correct. I have not checked them and do not know, but I do mean to say, whatever the figures are—to show what you are trying to show—our annual reports to stockholders will show that and show it accurately.

843* Mr. MILLER. These last figures were taken from your manual reports for 1902 and 1903?

Mr. WALLACE. I could not say without checking them whether they are true or not.

Mr. MILLER. Do you know what the net earnings per mile are of the Illinois Central?

Mr. WALLACE. I can tell you approximately. June 30, 1903, the net earnings were approximately three thousand dollars per mile.

Mr. MILLER. Do you know what the average is in this Group 5 of the Interstate Commerce Commission?

Mr. WALLACE. No; I do not. I have not compared it that way. I presume their reports would show.

Mr. MILLER. Do you know what the average is throughout the country?

Mr. WALLACE. No; I do not.

Mr. MILLER. That is all.

Mr. BAXTER. I asked you to prepare and file as part of your testimony a statement giving certain statistics with reference to the part of the Illinois Central Railroad running from New Orleans to Cairo.

I find from your subsequent examination that this lumber
844* traffic moves up the Illinois Central from New Orleans to Jackson, thence over the Yazoo & Mississippi Valley from Jackson to Memphis, and thence by the Illinois Central from Memphis to Cairo. In place of the statistics I called for before, I wish you to file statements showing the same statistics with reference to that part of the Illinois Central from New Orleans to Jackson, Miss., that part of the Yazoo & Mississippi Valley from Jackson to Memphis, and that part of the Illinois Central from Memphis to Cairo for each of the years from 1890 to 1903, both inclusive. If you have not such statistics for the Yazoo & Mississippi Valley as far back as 1890, give the statistics as far back as the statistics of that road will allow you.

Mr. WALLACE. I will explain that as far back as 1890 there was no physical connection between the Yazoo & Mississippi Valley at Jackson.

Mr. BAXTER. Take it from the time that physical connection was made.

Mr. WALLACE. Yes, sir.

Mr. BAXTER. That is all.

At 10.30 o'clock p. m. the Commission adjourned until 9 o'clock a. m. December 12, 1903.

1*** SATURDAY, *December 12, 1903—9 a. m.*

Com'r PROUTY. Proceed, gentlemen.

Mr. MILLER. Before we take up the oral testimony, I would say that we asked for certain correspondence which I presumed would be furnished with the return of the Illinois Central Railroad Company. I have had no time to examine the papers, but Mr. Cameron is here, and if he has the correspondence I would like to introduce him now and have it produced.

C. C. CAMERON, a witness on behalf of complainants, having first been duly sworn, testified as follows:

Mr. MILLER. You hold what position with the Illinois Central?

Mr. CAMERON. General freight agent.

Mr. MILLER. Have you in your possession certain correspondence passing between you as the general freight agent of the Illinois Central, or as chairman of the conference of the associated railroads, in respect to this advance?

Mr. CAMERON. I have.

Mr. MILLER. Does that embrace your correspondence with Mr. Parrott, chairman of the Southeastern Freight Association?

Mr. CAMERON. Yes, sir; this embraces all the correspondence.

Mr. MILLER. Does that correspondence embrace the minutes of any of the meetings over which you presided or which you attended?

Mr. CAMERON. That file does not, but this one does; yes.

2*** Mr. MILLER. Well now, Mr. Cameron, can you state which particular railroad company, member of the Southeastern Railroad Association, initiated this advance?

Mr. CAMERON. No; I can not say who initiated it. The question first came up to me this year in a letter from Mr. Powell, addressed to our traffic manager, and which was referred to me.

Mr. MILLER. Mr. Powell of the Southern?

Mr. CAMERON. Yes, sir.

Mr. MILLER. What was the date of that?

Mr. CAMERON. January 2nd, 1903.

Mr. MILLER. Did that precede the meeting at St. Augustine, Florida?

Mr. CAMERON. Yes, sir.

Mr. MILLER. When was that meeting held?

Mr. CAMERON. There was a meeting in St. Augustine, beginning on the 19th of January and lasting until the 23d—Monday to Friday of that week—a general meeting, at which many subjects were discussed.

Mr. MILLER. Were any of the western roads represented at that meeting—I mean to say the roads west of the river?

Mr. CAMERON. Yes, sir.

Mr. MILLER. Which one.

Mr. CAMERON. The Frisco.

Mr. MILLER. Does the Frisco embrace the St. Louis & Iron

3*** Mountain, the Cotton Belt, or which one of those roads west of the river, carrying lumber to Cairo, is embraced in the Frisco system?

Mr. CAMERON. Well, the Frisco has no line to Cairo.

Mr. MILLER. You mean to say that no lumber-carrying road tributary to Cairo was represented at that meeting?

Mr. CAMERON. According to my recollection, the Frisco was the only road west of the river in attendance at that meeting.

Mr. MILLER. Well, the Frisco has no connection with this Cairo rate, has it?

Mr. CAMERON. The Frisco has no line to Cairo of its own.

Mr. MILLER. It does forward lumber to Cairo over other lines, does it?

Mr. CAMERON. Yes, sir; and it also has a line to Girardeau, Mo., which is above Cairo.

Mr. MILLER. Now, at the New Orleans meeting was the St. Louis & Iron Mountain and the Kansas City Southern represented?

Mr. CAMERON. Not at the New Orleans meeting.

Mr. MILLER. Therefore it became necessary to adjourn from New Orleans to St. Louis in order to get in touch with the western roads, didn't it?

Mr. CAMERON. This question was brought up at the St. Augustine meeting, not as an association matter, but as an incidental conference or conversation, informally, between half a dozen gentlemen;

4*** Mr. Dodge, of the Frisco, was one. The matter was discussed, as I say, after which it was said there will be a meeting in New Orleans next week, with the Mississippi railroad commission, to consider the matter of joint rates locally within the State, and we

can discuss the matter further at that time; which we did. There was no called meeting at New Orleans for the purpose of considering lumber rates. There was no association meeting at New Orleans, and several of the gentlemen were then going to St. Louis; I don't recall the particular purpose, but it was in connection with some other matter, and this meeting was then arranged at St. Louis, on January 30th.

Mr. MILLER. I will ask you, right there, what railroads were represented at the New Orleans meeting?

Mr. CAMERON. The Southern Railway, the Louisville & Nashville, the Alabama & Great Southern, the New Orleans & Northeastern, and, as I recollect, the Illinois Central and the Mobile & Ohio, I think. I am not sure about the Mobile & Ohio now.

Mr. MILLER. Wasn't it pretty well understood among the interested lines represented at the New Orleans conference that it wouldn't be possible to make an advance on rates to Ohio River crossings, and especially Cairo, as well as to points basing on Cairo, unless the Arkansas lines came in?

Mr. CAMERON. Well, I think it was understood generally that
5*** no advance would be made east of the river unless an advance was made west.

Mr. MILLER. Will you please read into the record the telegrams, if you have them convenient, which passed between you and Mr. Parrot in regard to the application of this advanced rate.

Mr. CAMERON. Yes, sir. "At the meeting, St. Louis, January 30th, announcement made by all lines that advance of 2 cents per 100 pounds should be made in rates on yellow-pine lumber from all producing points located in Texas, Arkansas, Louisiana, Mississippi, Alabama, and the southeast to St. Louis, East St. Louis, and the Mississippi River, Cincinnati, both inclusive, all points located east of the Mississippi River and north of the Ohio River. Please communicate information members. C. C. Cameron, chairman."

Mr. MILLER. That means the members of this association?

Mr. CAMERON. Yes, sir.

Mr. MILLER. And what was the reply received to that?

5½*** "ATLANTA, GA., *Feb'y 3, 1903.*

"C. C. CAMERON, *Louisville, Ky.:*

"Your wire yesterday B-2. Were announcements made at St. Louis meeting January thirtieth by initial lines in this territory; in other words will it be necessary for lumber originating lines in this territory to discuss or interchange views regarding matter? Will communicate the information promptly to members.

"S. F. PARROTT."

Mr. MILLER. Read your answer to that.

Mr. CAMERON. There is another telegram from Mr. Parrott:

"I suggest revised lumber rates be made effective March 1st. Was any date named in St. Louis announcement on which revised lumber rates should be made eff[illegible]ve?"

Mr. MILLER. While this conference was in progress at St. Louis was there not a meeting of the association of the roads west of the river at the same time?

6*** Mr. CAMERON. Of the Southwestern territory.

Mr. MILLER. And was there any intercourse between the two meetings during that time?

Mr. CAMERON. Yes, sir.

Mr. MILLER. And have you got that correspondence there?

Mr. CAMERON. There was no correspondence. The chairman of the meeting was requested to appoint a committee of two to bring the matter to the attention of the southwestern tariff committee, then in session, which was done. The committee went over there to that meeting and came back with this report: "The matter was regularly laid before the southwestern tariff committee, and the following recommendation was discussed by that organization and referred back to the aforesaid meeting of interested lines as expressing their views in the premises. Recommended that a contingent or later advance from Arkansas and Louisiana, and the same advance in lumber rates be made from Texas points to Mississippi River crossings, also Ohio River crossings, that are made from the yellow pine districts in the Southeast, it being understood, however, that the right is reserved to make rates from Texas points no higher than the rates from the Southeast."

Mr. MILLER. Well, the minute of that St. Louis meeting, produced here the other day, show that the New Orleans & Northeastern representative withheld an expression of the views of his road, and
7*** that you subsequently caused the correction to be made by eliminating that from the record. Will you please explain that, Mr. Cameron?

Mr. CAMERON. The assistant general freight agent of the Northeastern Road, who was present at the St. Louis meeting, withheld his views. The meeting was on January 30th. His general freight agent subsequently telegraphed me, on February 2nd, that the Northeastern Road was agreeable to the advance, and I notified the other gentlemen present at that meeting, on the same day, by telegraph: "New Orleans & Northeastern advise will advance 2 cents per 100 pounds." Mr. Grant was the representative there. I sent this telegram out, as I say, on February 2nd. Subsequently, the proceedings of the meeting were issued by Chairman Washburn as information to the members and others, and his proceedings, following my telegram, I thought would cause some confusion and misunderstanding, they being a contradiction of my statement, and I therefore telegraphed him asking him to omit that, which he did by issuing a statement eliminating it.

Mr. MILLER. Mr. Steele authorized that, did he?

Mr. CAMERON. Yes.

Mr. MILLER. The general freight agent of the New Orleans & Northeastern?

Mr. CAMERON. Yes, sir.

Mr. MILLER. The general managers of these railroads never do take that sort of action themselves; they always impose that on the
8*** traffic managers; in making these arrangements with other railroads?

Mr. CAMERON. The general manager of our railroad has nothing to do with the traffic department.

Mr. MILLER. Nor with the intercourse between the several railroads?

Mr. CAMERON. Nothing at all to do with the traffic department.

Mr. MILLER. Well, now, there was some correspondence produced

by Mr. Washburn in regard to the delay on the part of the Louisville & Nashville in coming into line. Do you recollect what the cause of that was?

Mr. CAMERON. Yes, sir.

Mr. MILLER. What was that?

Mr. CAMERON. The Louisville & Nashville, as I recall, announced that they would advance their rates, effective on March 1st. Subsequently, or about February 23d or 4th, they announced they would have to delay that, and protect the former rates after March 1st.

Mr. MILLER. Well, now, were any of the railroads in the Southeastern Mississippi Valley Association, or the association itself, represented at the Atlanta meeting when it was decided by the railroads to postpone the advance until April 15th?

Mr. CAMERON. There was a meeting in Atlanta for another purpose, and the Georgia Sawmill Association requested a confer-
9*** ence, according to my recollection, with the railroads, and the representative of the roads then in Atlanta went into conference with them to discuss the question of postponing the advance.

Mr. MILLER. Now, the railroads in the Southeast—in Georgia, Florida, and portions of Alabama—cooperated, at least, with the railroads in this territory and the railroads west of the river to make the advance, to begin with, and then cooperated in the plan agreed on to postpone the effectiveness until April 15th?

Mr. CAMERON. I don't understand that that is a correct statement of the case, Mr. Miller. Practically all the roads interested discussed this question among themselves; announced they would advance the rates on March 1st. The action of one of the roads brought about a postponement of the advance, and after about forty-five days, I think, the advance was made without further discussion simply by one road making an announcement, which was followed by the other roads.

Mr. MILLER. Well, now, direct appeals were made to the traffic department of the Illinois Central Railroad, as well as the other roads, on behalf of the lumber shippers, to at least postpone the operation of that tariff, were there not?

Mr. CAMERON. I received requests from some lumber shippers to postpone the advance, and other officers of our company also received similar requests.

Mr. MILLER. That was predicated on the statement that con-
10*** tracts were outstanding under the old rate, and that it would be an injustice to require this rate then?

Mr. CAMERON. Yes.

Mr. MILLER. Did you know, or did the representatives of the other railroads know, when the Arkansas roads came into line on this advance that, substantially, the rate quoted from Arkansas was not the rate represented by the published tariff of those roads, owing to the tap-line divisions allowed the owners of logging roads on their lines?

Mr. CAMERON. I do not understand that the published tariff rates were not collected; in fact, I understood to the contrary—that they were and are collected. I knew, indirectly, of the tap-line divisions in a general way, not specifically as to what they were with the different mills.

Mr. MILLER. Your railroad company, as a matter of fact, always

fought against any allowance to tap lines in favor of lumbermen who owned logging roads, on the theory of illegality, has it not?

Mr. CAMERON. Our road has not allowed tap-line proportions, and we have been opposed to the idea of allowing them.

Mr. MILLER. Did you know that when the Mobile & Ohio Railroad Company, through its representative, Mr. Haiden Miller, was active in bringing about this advance, that his road, or that road, made a similar allowance to some shippers on its line?

Mr. CAMERON. Of my own knowledge I don't know that the Mobile & Ohio allowed tap-line divisions. I have heard of
11*** it, but when I first received that information I don't recall.

Mr. MILLER. It has been very recent, hasn't it?

Mr. CAMERON. No; not very recent.

Mr. MILLER. Does the Illinois Central, on traffic received from the Arkansas roads beyond Cairo, or at Cairo, make the same divisions on lumber that it does to the lines on this side?

Mr. CAMERON. The Illinois Central charges from Cairo, on all pine lumber going to Central Freight Association territory, the full Cairo rates, whether the lumber originates in Arkansas, Louisiana, Texas, Mississippi, Georgia, Alabama, or Florida.

Mr. MILLER. Charges its local?

Mr. CAMERON. Yes, sir.

Mr. MILLER. Collects its local?

Mr. CAMERON. Yes, sir.

Mr. MILLER. And that, added to the rate to Cairo, makes the sum of the tariff to any point on that road?

Mr. CAMERON. Generally speaking. There are some cases where the rates are made lower on some other combination.

Mr. MILLER. The Illinois Central doesn't know, as a matter of fact, when it is collecting the freight bills on lumber coming by the Arkansas roads, that, in point of fact, a considerable proportion belongs to the shipper instead of the initial carrier, does it?

Mr. CAMERON. When lumber is delivered to us via Cairo,
12*** by an Arkansas connection, we pay them the charge to Cairo. We don't know what they do with it. They could give it all away, or part of it, or keep it all.

Mr. MILLER. We would like to file in evidence this batch of documents, papers, correspondence, and minutes produced by Mr. Cameron.

Com'r PROUTY. Let it be filed.

Mr. CAMERON. These are our office records.

Com'r PROUTY. You can take them and substitute copies of the originals if you desire to do that.

Mr. CAMERON. If they will be returned to me in a reasonable time they could be filed.

Com'r PROUTY. I can not guarantee anything as to a reasonable time.

Mr. CAMERON. I will have copies made.

Mr. BAXTER. Mr. Cameron, was the meeting of the Southeastern Freight Association at St. Augustine the time you refer to?

Mr. CAMERON. Yes, sir.

Mr. BAXTER. Was the subject of advance in lumber rates brought before that association at all?

Mr. CAMERON. I understand not. We are not a member of the Southeastern Freight Association, and none of our representatives were in that meeting.

Mr. BAXTER. Well, this conference that was held at St. Au-
13*** gustine with reference to the advance in lumber rates, was that conference had in the association, or outside of it?

Mr. CAMERON. It was outside of the association, as I stated to General Miller. Those gentlemen were sitting in a corner of the room talking informally.

Mr. BAXTER. Some of whom represented lines that were in the association, and some represented roads that were not?

Mr. CAMERON. Yes, sir.

Mr. BAXTER. That conference was composed of several gentlemen who were interested in the question of advancing lumber rates, and not interested in any of the other questions that were going to be discussed before the association?

Mr. CAMERON. Yes, sir.

Mr. BAXTER. Now, as to the meeting at New Orleans, was there any meeting of either the Southeastern Freight Association or the Mississippi Valley Freight Association?

Mr. CAMERON. No, sir; the meeting at New Orleans was on the part of the Mississippi railroads with the Mississippi railroad commission, and following that meeting the gentlemen who were there talked further about the pine-lumber rates.

Mr. BAXTER. Neither one of these freight associations was in session at all?

Mr. CAMERON. No, sir.

Mr. BAXTER. Well, now, at St. Louis, was either one of these freight associations, the Southeastern Freight Association or the Mis-
14*** sissippi Valley Freight Association, in session there?

Mr. CAMERON. No, sir.

Mr. BAXTER. Well, then, that conference that you say you were chairman of, what was that?

Mr. CAMERON. It was what I would call a mass meeting of interested roads. Some of the Southeastern roads were there, and some of the roads west of the river. I can give you the names if you desire it—the Illinois Central, the Louisville & Nashville, the Mobile & Ohio, the Missouri Pacific, the Cotton Belt, the Kansas City Southern, the M., K. & T.

Mr. BAXTER. Now, which of those roads, Mr. Cameron, are not members of either the Southeastern Freight Association or the Mississippi Valley Freight Association?

Mr. CAMERON. The Illinois Central is not a member of the Southeastern Freight Association. The K. C., M. & B. is not a member of the Southeastern Freight Association. The Louisville & Nashville is not a member of the Southeastern Freight Association. The M. & O. and the M., C. & St. L. are not members of the Southeastern Freight Association. The New Orleans & Northeastern is not. The Southern Railway is a member of both associations. The Chicago, Alton & Burlington, the Mo. Pacific, the Frisco System proper, the Cotton Belt, the Kansas City Southern, and the M., K. & T. are not members of either association.

Mr. BAXTER. Now, you spoke of a conference in Atlanta with
15*** the Georgia Sawmill Association. Were either one of these freight associations that operate east of the Mississippi River in session at that time?

Mr. CAMERON. I think one of the associations was in session, but that was a subcommittee.

Mr. BAXTER. Well, was this conference with the Georgia Sawmill Association held with that subcommittee, or was it a conference with interested lines, without regard to their association connections?

Mr. CAMERON. It was a conference with the representatives of the roads, not an association conference.

Mr. BAXTER. Did I understand you to say it was your understanding that at all times the lines from Arkansas and Texas charge and collect their published tariff rates on lumber?

Mr. CAMERON. Yes, sir.

16*** HAIDEN MILLER, a witness on behalf of defendants, having been duly sworn, testified as follows:

Mr. PRINCE. Mr. Miller, what position do you occupy with the Mobile & Ohio Railroad Company?

Mr. MILLER. General freight agent.

Mr. PRINCE. How long have you been connected with that road?

Mr. MILLER. A little over five years.

Mr. PRINCE. How long have you been in the railroad service altogether?

Mr. MILLER. About twenty-five years.

Mr. PRINCE. As such general freight agent, are you familiar with the freight-traffic department of the Mobile & Ohio Railroad Company?

Mr. MILLER. Yes, sir.

Mr. PRINCE. Have you had considerable experience with freight tariffs and traffic generally?

Mr. MILLER. I have.

Mr. PRINCE. Mr. Miller, are you familiar with the organization of the Southeastern Mississippi Valley Association?

Mr. MILLER. Yes.

Mr. PRINCE. Is the Mobile & Ohio Railroad Company a member of that association?

Mr. MILLER. Yes.

Mr. PRINCE. Is the Southeastern Mississippi Valley Asso-
17*** ciation employed by the Mobile & Ohio as a medium through which to effect a lessening of competition?

Mr. MILLER. No, sir.

Mr. PRINCE. Is the Mobile & Ohio as a member of said organization under any obligations to change its rates to conform to the rates of other competing carriers?

Mr. MILLER. No, sir.

Mr. PRINCE. Mr. Miller, Were you present at the meetings that were held at St. Augustine, New Orleans, and St. Louis?

Mr. MILLER. Yes, sir.

Mr. PRINCE. Will you please state what occurred at those meetings?

Mr. MILLER. With reference to these lumber rates?

Mr. PRINCE. Yes, sir.

Mr. MILLER. The meeting at St. Augustine was a regular meeting

of the association called for objects of routine business, and the discussion relative to these lumber rates was simply a conference, as outlined by Mr. Cameron a few minutes ago, between the gentlemen representing the lines interested in this traffic. At that conference the impression prevailed that some advance might be made in the rates, and, as we had an engagement with the Mississippi railroad commission in New Orleans, on the 28th of January, to discuss some matters in which we were interested in Mississippi, Mississippi rates, and the question again came up at that meeting. At that meet-
18*** ing several gentlemen present were interested in some matters to come up at a meeting to be held in St. Louis on January 30th, and the subject was again discussed at that meeting. Mr. Cameron has very fully set forth the matter in his testimony, and I don't know that I could add anything specially to that.

Mr. PRINCE. At the meeting at St. Augustine, this discussion and interchange of views, was that in the meeting of this association?

Mr. MILLER. No, sir.

Mr. PRINCE. It was not discussed in an association meeting, at any of these meetings?

Mr. MILLER. Not at all.

Mr. PRINCE. You didn't understand it was an association matter at any of those meetings?

Mr. MILLER. I knew it was not.

Mr. PRINCE. Mr. Miller, will you give a short outline of the advance in freight rates on yellow-pine lumber by the Mobile & Ohio? When did we first give notice to the shippers?

Mr. MILLER. Our notice was given on February 3d, the advance to take effect March 1st.

Mr. PRINCE. How many days' notice did that give them?

Mr. MILLER. Twenty-five.

Mr. PRINCE. Now then, did you receive any protests from shippers after giving that notice?

Mr. MILLER. Yes; we had a number of protests.

Mr. PRINCE. What were those protests? What was the
19*** nature of them?

Mr. MILLER. The principal cause of objection as outlined in correspondence addressed to me was that the shippers had not had sufficient time to complete contracts which they had made, based on the then existing rate.

Mr. PRINCE. Have you any correspondence with a Mr. McLeod, president of the Southern Lumbermen Manufacturers' Association?

Mr. MILLER. Yes, sir.

Mr. PRINCE. What was it?

Mr. MILLER. I have here an extract from a communication from Mr. McCloud.

Mr. GREEN. We object to that as being incompetent in this controversy. It is the same proposition that was called up at the Atlanta hearing and excluded by the court.

Com'r PROUTY. What have you to say about that, Mr. Prince?

Mr. PRINCE. It has been shown that some of these men did complain, all members of the Central Traffic Association, and the president of that association wrote a letter to these railroads. Mr. Miller has a copy of the letter here, in which he stated that they wouldn't perhaps so much object to the advance in the rate provided the

burden was equitably distributed and the rates from competitive territory equalized. The principal objection was on account of the latter complaint.

Com'r PROUTY. Is Mr. McLeod a shipper of lumber himself?

20*** Mr. MILLER. He is president of the Southern Manufacturers' Association; I am not informed as to whether he is a shipper.

Com'r PROUTY. I think you have a right to show the attitude of the lumbermen towards this advance. Of course that doesn't in any way bind this association which complains here, but you might show by lumbermen in general.

Mr. GREEN. That communication from Mr. McLeod was written without the knowledge of the lumbermen on this side of the river. He is from the west side of the river and identified with the tap-line system, and from his standpoint it would be a very different matter than from the standpoint of these lumbermen over here.

Com'r PROUTY. The advance was to apply to him as well as to you?

Mr. GREEN. Yes; but they have tap-line divisions over there, and our people were not present at the meeting.

Com'r PROUTY. Mr. Green, you understand Mr. McLeod is a lumber shipper, and that his mill is on the west side of the river?

Mr GREEN. Yes, sir.

Com'r PROUTY. And that is your understanding, is it, Mr. Prince?

Mr. PRINCE. Yes, sir.

Com'r PROUTY. That may be incorporated into the record and afterwards you may introduce this extract for whatever it

21*** is worth.

Mr. PRINCE. Please read that extract.

Mr. MILLER. Extract from the Southern Lumber and Manufacturers' Association, dated Feby. 14th, 1903, signed by W. W. McLeod, president: "The Southern Lumbermen and Manufacturers' Association desire to go on record as not opposing the advance in freight rates on their commodities, provided the burden is equitably distributed and rates to competitive territory are equalized, as your interests as carriers and ours as producers are very closely identified, and what affects one does most certainly affect the other."

(Same marked "Exhibit No. 1" to Mr. Miller's testimony.)

Mr. GREEN. We would like the whole letter of Mr. McLeod to go in.

Mr. PRINCE. Have you got the whole letter, Mr. Miller?

Mr. MILLER. I haven't got it with me, but I can file it.

Mr. PRINCE. Please file it.

Mr. PRINCE. After giving that notice of February 23d, that we postponed the putting in effect this advance in the rate, to what date was it postponed?

Mr. MILLER. April 15th.

Mr. PRINCE. How many days' notice did that give the shippers?

Mr. MILLER. Seventy-one.

Mr. PRINCE. I will ask you to file with your testimony copy of letter marked Exhibit 2.

Exhibit No. 2 herewith filed as part of the testimony of

22*** Mr. Miller.

Mr. PRINCE. When was the last advance made, prior to the advance of April 15th, 1903?

Mr. MILLER. September 7th, 1899.

Mr. PRINCE. What was the total increase therefore on that day?

Mr. MILLER. 1 cent per 100 pounds to Cairo.

Mr. PRINCE. There was a total increase of 2 cents, was there not—1 cent going to lines north of the Ohio River?

Mr. MILLER. That is my understanding, but the same day we made an advance of 1 cent.

Mr. PRINCE. The other advance then was on M. & O. tariff, I. S. 1977, on file with the Commission?

Mr. MILLER. In its supplement 34, I. S. 1977, I. S. 2601, and I. S. 2930. It is regularly on file with the Commission in Washington.

Mr. PRINCE. Does the increase in rate made effective April 15th, 1903, apply alike to all lumber?

Mr. MILLER. Yes, sir.

Mr. PRINCE. How does your tariff read?

Mr. MILLER. Our tariff reads "applying on lumber."

Mr. PRINCE. Doesn't read specifically on yellow pine, the way it is noted on the back of this yellow-pine tariff, is it?

Mr. MILLER. No, sir; on all kinds of lumber.

Mr. PRINCE. Mr. Miller, do you understand that this ad-
23*** vance in rate is an advance on what had, prior to this time, been the existing rate, or was it a restoration of a former rate?

Mr. MILLER. I consider this as a partial restoration of the former rate and not, in that sense, an advance in rate.

Mr. PRINCE. What was the cause of the former reduction in rate—I think the time it was reduced was in 1889, was it not? 1894?

Mr. MILLER. It was reduced on May 10th, 1894, to 13 cents per 100 pounds to Cairo, in order to meet the competition of the Arkansas lines.

Mr. PRINCE. You understood, then, that it was an effort on the part of the roads from this Mississippi territory to put them on a parity with the Arkansas lines?

Mr. MILLER. That was our intention.

Com'r PROUTY. Now, Mr. Miller, if that is so, you got to a point 1 cent higher than you ought to?

Mr. MILLER. How do you mean, Mr. Prouty?

Com'r PROUTY. I mean that in 1894 the rate was reduced from 15 to 13 cents, and that the total amount of your advance brings the rate up to 16 cents, when a restoration would have given you 15 cents.

Mr. MILLER. What I meant, if you please, when I spoke of a partial restoration, I meant that on May 2nd, 1891, our rate to Cairo was made 17 cents per 100 pounds, and in making the rate 16 cents——

24*** Com'r PROUTY. How long did that 17-cent rate remain in effect?

Mr. MILLER. Remained in effect, I believe, until September 15th, 1892.

Com'r PROUTY. Previous to that time you hadn't gotten a 17-cent rate?

Mr. MILLER. We had this rate for the period I mentioned.

Com'r PROUTY. Well, there has been testimony to the effect that at the time you had the 17-cent rate to Cairo, it was higher than the existing rates from Arkansas, or did you have special joint rates to large shipping points like Chicago?

Mr. MILLER. My recollection is that at one time we had total rates made to Chicago, for example, which were no higher than the existing total rates from Arkansas.

Com'r PROUTY. You have no reason to doubt the accuracy of the testimony which has been given on that point by other witnesses?

Mr. MILLER. No, sir; not at all.

Mr. PRINCE. You heard yesterday the testimony of Mr. Compton in regard to the rate on flat cars, 28 cents, and the rate on box cars, 25 cents, from which he made a combined rate, I presume, by adding the two and dividing by 2, giving 26½. Now, then, Com'r Prouty asked him if he thought that was fair, inasmuch as the former
25*** testimony of his road showed that 30 per cent was moved on flat cars and 70 per cent in box cars. Now, was that the lumber rate on the Mobile & Ohio—28 and 25?

Mr. MILLER. I presume it was. We had competitive rates with the Louisville & Nashville, of course.

Mr. PRINCE. Would, then, that 26½ cents which was obtained by Mr. Compton, or calculated by him, be fair as to the Mobile & Ohio, that is, the percentage, in other words, for its haul on flat and box cars?

Mr. MILLER. In the haul of lumber about 65 per cent is on flat cars.

Com'r PROUTY. Are you talking about your haul to points north of the Ohio River?

Mr. MILLER. Yes, sir; our business is principally to the Ohio River and beyond.

Com'r PROUTY. And of that business 65 per cent moves on flat cars?

Mr. MILLER. Yes, sir.

Com'r PROUTY. How does it happen that 65 per cent moves by your line on flat cars?

Mr. MILLER. I judge the demands of the shippers are influences which bring about that result.

Com'r PROUTY. Do you furnish flat cars according to the requirements of the shipper or for your own convenience?

Mr. MILLER. We endeavor to fill their needs as near as we can.

Com'r PROUTY. How many flat cars has the Mobile & Ohio?
26*** Mr. MILLER. I don't know, sir; I could not state. I can furnish the information.

Com'r PROUTY. Do you say in the last few years you have had more flat or box cars which were available for your lumber traffic?

Mr. MILLER. More box cars, I should say.

Com'r PROUTY. And notwithstanding that you furnish 65 per cent of flat cars?

Mr. MILLER. Yes, sir; but we do that, if you please, by securing cars of other companies.

Com'r PROUTY. You do it because the shippers require it?

Mr. MILLER. Primarily that is the reason, of course.

Com'r PROUTY. And do you know whether those flat cars move south empty or loaded?

Mr. MILLER. I know from our experience that fully 95 per cent of open cars come south empty.

Com'r PROUTY. How is it with your box cars in which this lumber is shipped north?

Mr. MILLER. As a rule they come south loaded.

Com'r PROUTY. So that it would be to your interest to furnish flat cars if you could to move this lumber north?

Mr. MILLER. Naturally.

Mr. PRINCE. Don't you understand that one reason for the extensive movement on flat cars from this territory, and possibly for
27*** the low movement on other roads, is that the character of the lumber manufactured on the line of the Mobile & Ohio Railroad is not of as high grade; in other words, they are not up to the facilities of Mr. Gardiner, Mr. Hinton, and those other gentlemen you have heard testify?

Mr. MILLER. I attribute it largely to that reason. In the case of Mr. Gardiner and the others, they have larger mills than those that exist on our lines, with better facilities, and turn out a higher class of lumber.

Mr. PRINCE. Dressed lumber, is it not?

Mr. MILLER. Yes, sir.

Mr. PRINCE. Such lumber as the weather would damage?

Mr. MILLER. I so understand; that is one reason why they want box cars.

Mr. PRINCE. Does the present rate on dressed lumber to the Ohio River compare favorably with other rates in this section?

Mr. MILLER. Yes, sir.

Mr. PRINCE. With what rates is it the same?

Com'r PROUTY. We understand, Mr. Prince, that the rate on lumber from all of this territory and Mississippi and Alabama, except possibly some stations on the Louisville & Nashville in Alabama, is the same.

Mr. PRINCE. Yes, sir; so we won't go into that.

Mr. PRINCE. Is the rate per ton per mile on lumber as low, and in many cases lower than the rate per ton per mile on other commodities?

28*** Mr. MILLER. Yes, sir.

Com'r PROUTY. You are speaking of the Mobile & Ohio road now?

Mr. MILLER. Yes, sir; I am talking about our earnings, practically the rate per ton per mile from points on our own line; the rate we receive to Cairo is necessarily greater than what we earn on business from our connections.

Mr. PRINCE. Will you file as part of your testimony Exhibit No. 4, a statement showing the rate per ton per mile on various commodities as compared with the rate on lumber?

Mr. MILLER. Yes, sir.

(The statement referred to was herewith filed as part of the testimony of Mr. Miller, marked "Exhibit 4.")

Mr. MILLER. The average rate per ton per mile earned by the Mobile & Ohio Railroad on lumber originating on its own line is 6½ mills.

Com'r PROUTY. Is that a statement of actual transactions?

Mr. MILLER. Yes, sir; that is based on the distance from an average point on our line, south of Meridian, that ships a good deal of lumber. The rate per ton per mile on bananas is 1.58 mills; on cotton, 1.54;

dry goods, 2.27; walnut, mahogany, and cherry lumber, 8½ mills; canned goods, 9.7 mills. This Exhibit No. 4 just refers to those particular commodities.

Com'r PROUTY. Do you transport much coal over your line?

29*** Mr. MILLER. No, sir; not on the southern part of the line?

Com'r PROUTY. You carry foreign-bound lumber for export?

Mr. MILLER. Yes, sir.

Com'r PROUTY. Now, what's the length of your haul on that?

Mr. MILLER. 70 to 80 miles.

Com'r PROUTY. And what is your rate?

Mr. MILLER. Our customary rate is equivalent to 14 cents per 100 pounds.

Com'r PROUTY. What would be your average rate for that haul?

Mr. MILLER. I should say 3 cents.

Mr. PRINCE. You say the average rate per ton per mile earned on lumber on our own line is 6.5 mills?

Mr. MILLER. Yes, sir.

Mr. PRINCE. What is the average rate per ton per mile earned by this company on all this lumber—that is, the lumber it gets from connections, as well as the lumber originating on its own line?

Mr. MILLER. 3.8 mills per ton per mile.

Com'r PROUTY. Right there, Mr. Miller, let me ask you a question. From what lines do you receive lumber?

Mr. MILLER. We receive lumber at Mobile from the——

Com'r PROUTY. Where does that road extend?

Mr. MILLER. From Mobile to Hattiesburg.

Com'r PROUTY. They take the lumber down to Mobile and you transport it from Mobile?

30*** Mr. MILLER. Yes, sir.

Com'r PROUTY. Does that road connect with any other road than yours?

Mr. MILLER. With the Louisville & Nashville, with the Northeastern at Hattiesburg, and with the Gulf & Ship Island at Hattiesburg.

Com'r PROUTY. So it is a highly competitive road?

Mr. MILLER. Yes, sir.

Com'r PROUTY. How far is that lumber hauled before you take it at Mobile?

Mr. MILLER. I think the distance from Hattiesburg is about 80 miles.

Com'r PROUTY. You transport it how far in taking it from Mobile to Cairo?

Mr. MILLER. 492 miles.

Com'r PROUTY. Now suppose that lumber went from Hattiesburg direct, by the most direct line, could it go to the Illinois Central?

Mr. MILLER. It could go to the Illinois Central over the G. S. & F. from Hattiesburg.

Com'r PROUTY. Suppose it went that way, would it be longer than the haul—what is the distance from Hattiesburg to Cairo?

Mr. MILLER. The distance from Hattiesburg to Cairo is 442 miles.

Com'r PROUTY. What is your division with this railroad

31*** on lumber received by you at Mobile?

Mr. MILLER. My recollection is that we allow them 5 cents a hundred.

Com'r PROUTY. So, when your rate is 14 cents, the through rate, you receive 9 cents for the haul from Mobile?

Mr. MILLER. Yes, sir.

Com'r PROUTY. And now, about what would that be per ton per mile up to Cairo?

Mr. MILLER. A fraction over 6 mills.

Mr. PRINCE. Did you figure the Cairo arbitrary?

Mr. MILLER. No.

Com'r PROUTY. How do you make that?

Mr. MILLER. It's a fraction over 4 mills.

Com'r PROUTY. Now, in determining the reasonableness of rates on lumber from points on the Mobile & Ohio road, you think it's fair to put them in with your total earnings on lumber and to say that you only earn on all the lumber transported over your road the sum of 4 mills per ton per mile?

Mr. MILLER. Yes, sir; I think it's fair, for the reason that fully 75 per cent of the lumber traffic that we handle comes from connections.

Com'r PROUTY. Yes; but on lumber which originates on your road you earn 6½ mills.

Mr. MILLER. I used that; but that's an extreme example. I mean so far as a maximum proposition.

Com'r PROUTY. You thought it would be an average?

32*** Mr. MILLER. The average for certain territory. Of course, further north we get higher through rates.

Com'r PROUTY. And further south you get lower?

Mr. MILLER. Yes, sir.

Com'r PROUTY. Now, we will say the average is not short of 6½ mills.

Mr. MILLER. Six.

Com'r PROUTY. Then, say 6 mills for that that originates from points on the Mobile & Ohio. Do you consider that you should receive on such lumber an average of 6 mills, or should you take the rate it eventually pays, the larger part of it being competitive, in such a way that it would have to pay an extravagant price through that country?

Mr. MILLER. I think in determining the reasonableness of the rate both factors should be considered.

Com'r PROUTY. Isn't it your misfortune that you are so situated that you can not get this traffic without paying more than you ought to pay?

Mr. MILLER. I should think it a misfortune in some respects.

Com'r PROUTY. I wish, Mr. Miller, you would file a statement showing the lumber which originates—not the lumber which you receive from connections—but the lumber which originates on the Mobile & Ohio and the points at which it originates, for the first eleven months of this year. Just show the number of cars. I only care for

33*** that shipped to the Ohio River and points north.

Mr. MILLER. Yes, sir; I will file it.

Mr. PRINCE. Mr. Miller, do the present rates on lumber, with the advance, prevent the free movement of lumber from Mississippi and Alabama territory to territory north of the Ohio River?

Mr. MILLER. No, sir.

Mr. PRINCE. Does it prevent the movement in competition with Georgia and Alabama territory?

Mr. MILLER. No, sir. I would say on that point, Mr. Prince, that the advance in rates makes no difference in the relative adjustment as between the Southeastern lines and the Mississippi lines.

Mr. PRINCE. Now, the rates from this Mississippi and Alabama territory to territory on and north of the Ohio River as low as and, in some instances, lower than the rates from Georgia and Florida territory?

Mr. MILLER. Yes, sir.

Mr. PRINCE. Is this the fact, literally, as to Cairo and to points where the rates are based on Cairo?

Mr. MILLER. Yes, sir. I can cite, if you please, some instances that will show that.

Mr. PRINCE. Yes, sir?

Mr. MILLER. The rate from Quitman, a local station on our line south of Meridian and a representative lumber shipping point,
34*** is 16 cents per 100 pounds. From Tipton, Ga., the rate is 21 cents, and from Cordele and Thomasville, Ga., the rate is 21 cents.

COM'R PROUTY. Unless you are anxious to get specially into the record further evidence on this point, I think we are already informed. I understand the situation to be this, that the rates from Georgia are about the same as from Mississippi; that they are higher in some cases, about one cent, and in some cases two, this depending upon the location of the mills from which the shipments are made.

Mr. PRINCE. Yes, sir; we will stand on that.

Mr. PRINCE. Mr. Miller, you heard testimony as to whether rates from this territory to points on and north of the Ohio River were such as to enable you to compete successfully with other kinds of lumber coming into the same territory?

Mr. MILLER. Yes, sir.

Mr. PRINCE. It is?

Mr. MILLER. That is my understanding.

Mr. PRINCE. What have you to say in regard to the rate per ton per mile on woods that are competitors of yellow pine, as to its being more than the rate on the latter?

Mr. MILLER. The only one of those woods that I have looked into much is fir. On fir from Tacoma, Washington, to St. Louis, for example, the distance being 2,324 miles, is 52½ cents per 100
35*** pounds, the average rate per ton per mile being 4½ mills. From Tacoma to St. Paul the distance is 1,904 miles, the rate is 40 cents per 100 pounds, the rate per ton per mile being 4.2 mills. The distance from Tacoma, Washington, to Duluth is 1,915 miles, the rate is 40 cents and the rate per ton per mile is 4.2 mills. To Chicago from Tacoma the distance is 2,319 miles, the rate is 50 cents and the rate per ton per mile is 3.4 mills. In each case you will observe that this is a higher rate per ton per mile than the average rate per ton per mile earned by the Mobile & Ohio on all the lumber hauled by it.

Mr. PRINCE. What is the distance from Meridian to Cairo?

Mr. MILLER. 357 miles.

Mr. PRINCE. What per cent of the lumber shipped on your road from this territory is distributed to points north of the Ohio River?

Mr. MILLER. I should say it was fully 85 per cent.

Com'r PROUTY. Does that include your export lumber?

Mr. MILLER. Our export lumber we move to Mobile.

Mr. PRINCE. You consider your car equipment as reasonable?

Mr. MILLER. Yes, sir.

Mr. PRINCE. The rules of your company are those laid down by the Master Car Builders' Association?

Mr. MILLER. Yes, sir.

Mr. PRINCE. Are those requirements made exclusively for lumber?

36*** Mr. MILLER. No, sir. I have some information on that line that may be worth submitting. These commodities that I name here were picked out at random, and indicate certain articles shipped, the shipper being required to go to the expense of providing protection. Street cars. The American Car Company, of St. Louis, advise the cost of blocking is about $1.50 per car, and the cost of labor about $2.50, making $4.00 per car, and they state the blocking is useless after the car is unloaded. Iron pipe. Crane & Co., of St. Louis, advise that lumber is used in blocking cars; that the cost varies from $2.00 to $4.00 per car, and that the cost of labor varies from $4.00 to $6.00 per car, making, you will note, anywhere from $6.00 to $10.00 per car. They also state the blocking is useless and thrown away after the car is unloaded. Machinery and boilers. The Hinds Safety Boiler Company inform us that the cost of blocking for machinery and boilers—that the cost of the lumber is from $5.00 to $7.00 per car, the cost of labor varying from $15.00 to $50.00 per car, and the loading is done by contract. I can hardly suppose the cost averages $1.50 per ton; I suppose the figures are made on larger boilers, ranging from 20 to 70 tons. They also state the material is useless after the car is unloaded. Vehicles. The Wright Carriage Company, of St. Louis, inform us that the cost of lumber for blocking vehicles loaded on flat cars is from $1.00 to $2.00 per car, the
37*** cost of labor being about $6.00 per car. In some instances they use dummy wheels for blocking, and same are returned.

Com'r PROUTY. The item of labor in all these cases evidently refers to the entire expense of loading the car?

Mr. MILLER. That is my idea. Harvesters and agricultural implements. We are informed that the lumber cost about $3.00 per car and the labor for blocking about $1.50. The lumber is not used after the car has been unloaded. Glass: The Pittsburg Glass Company informs us that the lumber used for blocking the glass costs from $3.00 to $20.00 per car, and the labor about $10.00, and the lumber is not used afterwards.

Mr. PRINCE. What other item praticularly applicable to the Mobile & Ohio has to be considered in regard to the reasonableness of this rate? Have we what is called a "milling in transit" charge?

Mr. MILLER. Yes, sir.

Mr. PRINCE. Can we charge anything for that?

Mr. No, sir. I will explain how that is done. At Meridian and some other points on our line, we permit rough lumber to be brought from the point of origin to the mill, put in the mill, planed, and dressed and then reshipped to final destination of the lumber, and no charge is made for that extra service.

Com'r PROUTY. Make any charge for switching service in cases of that kind?

38*** Mr. MILLER. No, sir.

Mr. PRINCE. Costs the carrier something, doesn't it?

Mr. MILLER. Yes, sir.

Mr. PRINCE. Does the extra switching delay the cars?

Mr. MILLER. Yes, sir.

Com'r PROUTY. Has the attempt been made by any lines to equalize such expense by making a switching charge?

Mr. MILLER. I think some lines have. Some lines have assessed a small charge, something like $5.00 per car.

Com'r PROUTY. I think that's about the usual charge in other parts of the country.

Mr. MILLER. Yes, sir, that's my information.

Mr. PRINCE. Now, Mr. Miller, what is the disposition of the freight department of the Mobile & Ohio towards the lumber shippers?

Mr. MILLER. The very kindliest disposition.

Mr. PRINCE. You say flat cars are called for by the shipper?

Mr. MILLER. Mr. Prince, I would like to say—you asked the disposition of the Mobile & Ohio towards its lumber patrons, and I answered the "very kindliest disposition," and I supplement that by saying we perhaps differ with some *other* lines, employing a representative specially to look after our lumber business, and in addition to quoting them rates and soliciting their traffic, we aid

39*** them in placing contracts. I am sure that these gentlemen will confirm this, and I refer to our assistant lumber agent, Mr. Smith. He is assigned specially to the lumber interests.

Com'r PROUTY. What part of your entire tonnage is lumber?

Mr. MILLER. I don't know the percentage, but our auditor can furnish that

Mr. PRINCE. How many mills are there located on the line of your road in Alabama and Mississippi?

Mr. MILLER. Between 100 and 110.

Mr. PRINCE. What is the daily output of these mills?

Mr. MILLER. About 1,600,000 feet.

Mr. PRINCE. Do you know whether any of the complainants in this case are directly on the line of the Mobile & Ohio Railroad?

Mr. MILLER. I know they are not.

Mr. PRINCE. There is one complainant in this case to which we have a switch running, that is directly on the Southern Railway?

Mr. MILLER. Yes, that is.

Mr. PRINCE. Their output is about what?

Mr. MILLER. 50,000, I think.

Mr. PRINCE. I think it's 100,000.

Mr. MILLER. May be.

Mr. PRINCE. None of these 100 mills on our line are complainants in this case?

40*** Mr. MILLER. None that I am advised of.

Mr. PRINCE. Is there anything you wish to state further, Mr. Miller, in regard to the matter?

Mr. MILLER. I don't know that I could add anything.

Cross-examination:

Mr. MILLER. Who owns the mill at Quitman, Mississippi?

Mr. MILLER. The Quitman Lumber Company.
Mr. MILLER. And the one at Chicora?
Mr. MILLER. The Robinson Land & Lumber Company.
Mr. MILLER. And Oak Grove and Yellow Pine are in Alabama?
Mr. MILLER. Yes, sir.
Mr. MILLER. When were those mills built?
Mr. MILLER. I don't know, sir. Long before my connection with the company.
Mr. MILLER. Doesn't your tariff—your published tariff—show rates from points on the Eastern Railway stations?
Mr. MILLER. The Mississippi Eastern.
Mr. MILLER. Is that an incorporated railroad?
Mr. MILLER. I cannot answer definitely; I understand two of the four railroads are incorporated.
Mr. MILLER. Does it do any traffic as a common carrier?
Mr. MILLER. I am not advised.
Mr. MILLER. You don't know whether or not that is merely a logging plant to handle logs for the mill?
Mr. MILLER. I don't know definitely; no, sir.

Mr. MILLER. Well, I notice in the return made by Mr. Poe,
41*** who is the general traffic manager of the Mobile & Ohio, that 3 cents per 100 pounds for 10 miles or less, and 3½ cents per 100 pounds for distances over 10 miles, are allowed to that railway on shipments from Quitman?

Mr. MILLER. That's my information, sir.
Mr. MILLER. Do you know whether or not the Mobile & Ohio Railroad found it profitable to allow those divisions out of its share of the freight rate?
Mr. MILLER. I couldn't answer that specifically, general, except to say all I can really state in that connection is that these allowances to these four railroads, or milling companies, are simply communicated to me and thereby made part of my records.
Mr. MILLER. You are not familiar with those matters?
Mr. MILLER. No, sir.
Mr. MILLER. I notice that one is allowed 3½, one 3⅜, another 3, and the fourth one 3 cents.
Mr. MILLER. That is in acordance with my record.
Mr. MILLER. Do you know how it happened that that allowance is made to those four companies and not to these other mill owners on the line of the Mobile & Ohio in Alabama and Mississippi?
Mr. MILLER. No, sir; I can't answer that. I don't know the motives.
Mr. MILLER. As a matter of fact, you know nothing about those matters?

42*** Mr. MILLER. Only in a general way.

Mr. MILLER. You don't know whether that's a real division to the carrier or an allowance made to the shipper?
Mr. MILLER. Well. I wouldn't answer the question, because I don't know.
Mr. MILLER. You do know, generally, that those railroads don't deliver any lumber to the Mobile & Ohio, do you?
Mr. MILLER. I have general information to that effect. As I say, I am just a little bit obscure on that point.
Mr. MILLER. That is not in your department?

Mr. MILLER. Yes, it is in one sense, but the arrangement was made by my superior officers.

Mr. MILLER. Do you know what division is allowed to the Gulf & Ship Island and the New Orleans & Northeastern on lumber delivered to the Mobile & Ohio at Meridian?

Mr. MILLER. I think that the G. S. & I. gets 4 cents to Hattiesburg. Mr. Steele probably knows that.

Mr. MILLER. See if this refreshes your memory. The G. S. & I. gets 6 cents and the N. O. & N. E. 3 cents.

Mr. MILLER. Making 9 cents to Meridian?

Mr. MILLER. Yes.

Mr. MILLER. That is probably correct.

Mr. MILLER. And you know the average distance that that lumber goes?

Mr. MILLER. It has been stated that the average haul on
43*** the Gulf & Ship Island was 80 miles.

Mr. MILLER. That's by way of Jackson?

Mr. MILLER. Yes, sir. Hattiesburg is about the middle point.

Mr. MILLER. Isn't Hattiesburg in the very center of the yellow-pine industry, so far as the Gulf & Ship Island is concerned?

Mr. MILLER. I think it is.

Mr. MILLER. Wouldn't that indicate the short route to be by that line?

Mr. MILLER. Short to Jackson.

Mr. MILLER. What is the distance by the Northeastern from Hattiesburg to Meridian?

Mr. MILLER. About 90 miles.

Mr. MILLER. Ain't you mistaken about that?

Mr. MILLER. I may be; I am indefinite about it.

Mr. MILLER. It was here stated the distance is 85. I hand the witness a statement furnished by Mr. Hale, general freight agent of the Gulf and Ship Island, which shows the divisions just referred to, and will file that in evidence in connection with this cross-examination.

The document referred to is herewith offered in evidence in connection with the cross-examination of Mr. Miller, marked Exhibit 5

Mr. MILLER. Coming back to the question of this advance by
44*** all the roads, isn't it a fact that you were very active, personally, in bringing it about?

Mr. MILLER. It's a fact that I was personally of the opinion that the rate should be advanced.

Mr. MILLER. I understand. That isn't the question. The question is, isn't it a fact that you were personally very active in securing the cooperation of the other railroads to effect this advance?

Mr. MILLER. I was active so far as getting the views of the other railroads and seeing who coincided with me. That is part of my duty.

Mr. MILLER. Didn't you undertake to influence the action of the western roads, your headquarters being in St. Louis?

Mr. MILLER. No more than conferring with them.

Mr. MILLER. At whose instigation did you first take it up?

Mr. MILLER. According to my recollection, of my own volition; at the suggestion of our company.

Mr. MILLER. Mr. Powell had nothing to do with it?

Mr. MILLER. We may have had some correspondence.

Mr. MILLER. As a matter of fact, the Mobile & Ohio is practically owned by the Southern Railway Company, is it not?

Mr. MILLER. I can not answer as to that. My understanding is that the same people who are interested in the Southern are interested in the Mobile & Ohio.

Mr. MILLER. Don't you know that the Southern Railway corporation practically owns and controls the Mobile & Ohio?

45*** Mr. MILLER. Yes; as I have heard.

Mr. MILLER. Isn't that the general understanding?

Mr. MILLER. That is my understanding of it.

Mr. MILLER. I notice a letter here, exhibited by you with this correspondence, purporting to be signed by you and addressed to T. C. Frew, assistant general freight agent of the Cotton Belt Railroad, dated St. Louis, February 3d, 1903, in which you say: "Refering to the conversation of a few days ago, this is to advise that it is our purpose to make some advance to the western terminii of the trunk lines. I am advised by that his company will take like action and that he understands it is agreeable to the other interested lines." What advance did you have reference to in that letter?

Mr. MILLER. Well, the conversation referred to was not had by me personally, but I am familiar with what it is. At the time we advanced the rates to these other sections we did not, at the same time, advance the rates to these so-called western trunk termini lines. We decided finally to do that, and it is in connection with that.

Mr. MILLER. How did all this correspondence happen to take place between yourself and other members of the Southeastern Mississippi Valley Association and Mr. Washburn in relation to this advance of 2 cents, after January 30th, when you knew that that conclusion (not to be odious or offensive) had been reached by all?

46*** Mr. MILLER. What feature of the correspondence do you refer to?

Mr. MILLER. For instance, here is a letter addressed to the members by Mr. Washburn, dated February 7th, 1903, produced by yourself in your correspondence, which contains this passage, after referring to previous letters: "You no doubt understand from the foregoing that it was the intention of the lines individually to advance the rates 2 cents per 100 pounds where it might be deemed practicable to bring about such advance. This, based on the fact that when lumber rates were last advanced by Texas lines the parity as between rates from southeastern territory and Texas territory was not strictly observed. In other words, higher rates were carried from Texas producing points than were carried from the southeast under former adjustment. In other words, the Texas lines understand the agreement to be that they can carry the same rates if they deem it advisable so to do. The opinion, however, was pretty generally expressed that it was their desire to get the full advance of 2 cents from Texas producing points to the territory named in the foregoing recommendation, but if this could not be done, the members want it distinctly understood that they do not feel they would be violating any understanding if they should carry the same rates from Texas as apply from the southeast, based on the two-cent advance contemplated; but this adjustment may not comprehend an advance of two cents from all producing stations in Texas."

47*** Mr. MILLER. Doesn't that refer to some understanding that had been had in regard to this advance?

Mr. MILLER. I can not say, General. I never saw Mr. Washburn again, but I understood, in a general way, what he meant.

Mr. MILLER. There was no dissent from those statements, was there, on your part?

Mr. MILLER. Here is a telegram, as I understand, from Mr. C. C. Cameron to you, dated Louisville, Ky., February 10th:

47½*** LOUISVILLE, *Feby. 10th, 1903.*

HAIDEN MILLER, *St. Louis, Mo.:*

See your wire ninth file B. As previously stated, we would like to see advance in yellow pine rates to western termini, but do not think we can advance our rates until similar action taken by other roads. Please advise if you have had the matter up with other lines and what replies you have received. B 2.

C. C. CAMERON.

Mr. MILLER. And your answer:

ST. LOUIS, MO., *Feb. 9, 1903.*

C. C. CAMERON, *Louisville, Ky.:*

File B. Your wire date. It is our purpose to advance the rate on yellow pine to western termini of trunk lines, making same advance as to Central Freight Assn. territory. L. & N. inform me it is their purpose to take similar action.

HAIDEN MILLER.

Mr. MILLER. What sort of an understanding did you have about that?

Mr. MILLER. That is in line with that letter from Mr. Poe that you referred to just now; a continuation of that letter.

Mr. MILLER. I notice a circular letter from Mr. Washburn, produced by you, dated Louisville, February 10th, 1903, in relation to the proposed advance in the rates on pine lumber, etc., from producing points in Texas, Louisiana, Arkansas, Alabama, Mississippi, and the southeast to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north: "Please refer to our letters 1490, 1499, and 1500, subject as above, and be advised that we are now in receipt of the following from Chairman Cade."

48*** What was he chairman of?

Mr. MILLER. He is chairman of the Southwestern Bureau.

Mr. MILLER. "All lines heard from indicate purpose has been to advance rates on lumber, Arkansas to interstate points. I am in telegraphic correspondence with the Louisiana lines; advise what your lines have done." Was it about that time that the Arkansas lines came into line?

Mr. MILLER. About that time each signified its intention of making some change in the rates.

Mr. MILLER. What is meant by the southeastern roads in this correspondence?

Mr. MILLER. The southeastern roads; that's a general application, and I take it, in that correspondence, refers to all the roads *west* of the Mississippi River.

Mr. MILLER. I see that Mr. Cameron, in his telegraphic correspondence in reference to the rates on lumber, requesting that you

"take up the advance in yellow pine rates with the southeastern roads."

Mr. MILLER. The term southeastern there probably refers to the so-called Southeastern Freight Association lines.

Mr. MILLER. "We object now to make advance from our lines unless advance is made from the others." Were you expected to take up that subject with this line?

Mr. MILLER. No, sir; I judge not. Mr. Washburn simply communicated that information.

Mr. MILLER. This is Mr. Cameron?

49*** Mr. MILLER. Was it?

Mr. MILLER. Here is your answer to Mr. Cameron: "We have (not) taken up advance in rates on yellow-pine lumber from southeastern roads to trunk-line termini. Louisville & Nashville advised me they would advance their rates if Southern will do likewise. Hope you can arrange to advance your rates to these points which would help to protect interior points. Am of opinion that the southeastern lines will advance their rates when they find that the Mississippi Valley lines have made advance in theirs." This is on February 12th. Do you know as a matter of fact, Mr. Miller, that it was pretty well understood that advance was going to be uniform and effective March 1st—that that was the intention?

Mr. MILLER. The first day it was to be enforced.

Mr. MILLER. From all the territory involved, east and west of the river. Isn't that your understanding?

Mr. MILLER. Our own desire was to make the rates effective *and* that time, and we hoped the balance of the lines would advance on the same day.

Mr. MILLER. Now, here is another letter I want to call your attention to, produced by the Mobile & Ohio, addressed to members, signed by Mr. Washburn, chairman, dated February 13th, 1903:

49½*** LOUISVILLE, KY., *Feb. 13, 1903.*

To Members:

Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the southeast, to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

Please refer to general letters Nos. 1490, 1499, 1500, 1502, and 1514, and be advised, as information of receipt of the following wire from the chairman of the Southwestern Tariff Committee:

"See our telegram 11th regarding position Sunset Central as to advance in lumber rates. Chairman in receipt of advice from St. Louis Southwestern Railway that St. Louis Southwestern system will ignore action of Sunset Central and advance will positively go into effect via that line on March 1st next."

Up to the present time the Sunset route is the only interested line dissenting from the arrangement to make the advanced rates on lumber effective March 1, 1903.

M. P. WASHBURN, *Chairman.*

50*** Mr. MILLER. What do you understand that arrangement to have been?

Mr. MILLER. I don't know that I could explain that.

Com'r PROUTY. Mr. Miller, would you have advanced this rate 2 cents per 100-pounds unless you had expected and understood that the same advance was to be made from points west of the Mississippi, and north from Georgia points?

Mr. MILLER. We might, under some circumstances, Mr. Commissioner, but I hardly think the Mobile & Ohio would have advanced its rates without the hope, at least, that the other lines would.

Com'r PROUTY. Now, I don't understand there is really much question of fact about this. These lines all practically admit that this rate was advanced after conference, and upon the understanding and expectation that the rates would be advanced from all this yellow-pine producing territory, and that the rate would not have been advanced from one locality unless it was advanced from all the localities. Now, whether or not that understanding amounted to an agreement in violation of the Sherman Act is an entirely different question, and I don't suppose it makes any difference in this case whether it was or not. Is that your understanding?

Mr. MILLER (attorney). I think that is an element to be considered in determining the question of reasonableness in respect to any one line interested.

51*** Com'r PROUTY. Of course the question of concerted action is a matter to be considered.

Mr. MILLER. There might be cases where the necessities of a particular line would justify an advance in lumber rates, or in those on any variety of traffic it handled, but that would afford no justification to another line, with a gorged treasury and abundant earnings, to levy tribute from its patrons in order to accommodate the situation and condition of some more unfortunate road, and our proposition will be, among other things, of course, that the effort here, on the part of some railroads that perhaps needed more revenue, was to whip into line, or bring into line, other railroads which were satisfied with the situation, and that that was the object considered, rather than its own necessities or the necessities of any particular road involved.

Mr. GREEN. And, in addition to that, the question as to whether this advance was in response as to what was reasonable, per se, rather than as to an agreement among the lines as to what the traffic would bear.

Com'r PROUTY. As bearing upon this particular proposition, I don't think there should be much question of fact. The fact seems to be that there was some concerted—I don't say any agreement—but there was a concerted attempt on the part of these lines to advance these rates, and it seems to be conceded that the rates would not have been advanced from one lumber producing territory unless they were also advanced from other lumber producing territories.

52*** Mr. GREEN. We agree with your honor that it is another matter as to whether it was in violation of the Sherman Act. You remember there was an advance in rates, which, in another case, your honors decided you had nothing to do with—violations of the Sherman Act—but we have brought forward these elements of evidence, such as dividends, tending to show the actual condition of affairs in regard to the status of the railroads.

Com'r PROUTY. That being so, why not ask whether he would have advanced his rates if the other lines did not; and if he says he would not, you can examine him as long as you desire on those lines.

Mr. MILLER (to the witness). I believe you made that answer.

Mr. MILLER. Yes, sir.

Mr. MILLER. You couldn't have done it at all, except with respect to lumber originating on your own line, could you?

Mr. MILLER. No, sir; we wouldn't have done anything with rates except on our own line.

Mr. MILLER. I understood you to say that 65 per cent of your traffic is handled on flat cars?

Mr. MILLER. Yes, sir.

Mr. MILLER. And that 90 per cent of your open cars come South empty?

Mr. MILLER. Yes, sir.

Mr. MILLER. When you say flat cars do you mean the ordinary flat car, or that any of it was moved in open cars?

53*** Mr. MILLER. I use the term open car, and flat car is meant.

Mr. MILLER. When you said 65 per cent did you mean in flat cars?

Mr. MILLER. No; I meant in open cars.

Mr. MILLER. From where do you get those cars principally?

Mr. MILLER. Principally from our connections from Cincinnati, St. Louis, and Cairo.

Mr. MILLER. You know nothing about the average load that they carry?

Mr. MILLER. That depends on their stenciled capacity.

Mr. MILLER. Mr. Miller, do you know whether any lumber rate that the Mobile & Ohio has ever had at any time was satisfactory to it?

Mr. MILLER. Well, we have had some that we considered reasonably satisfactory.

Mr. MILLER. When was that?

Mr. MILLER. The present, I think, is a reasonably fair rate; I mean on the Mobile & Ohio proper.

Mr. MILLER. Don't you consider that the lumber itself pays a reasonably fair rate, considering the whole amount charged to it for transportation from the pine regions to destination?

Mr. MILLER. I think the present is a reasonable rate, all things considered.

54*** Mr. MILLER. Well, before this time, taking the point of origin and disregarding the divisions which reduce your per ton per mile earnings, don't you consider that the lumber itself paid a very good rate?

Mr. MILLER. No, sir; I can't say that I do.

Mr. MILLER. Don't you think it paid a reasonable rate?

Mr. MILLER. If it had been a reasonable rate we would probably have not made an effort to advance the rate.

Mr. MILLER. You did business for quite a while under a 13-cent rate to Cairo?

Mr. MILLER. Yes, sir.

Mr. MILLER. It was 12 cents from May 10th, 1894, to September 7th, 1899, and then advanced to 14 cents?

Mr. MILLER. That is to say, 1 cent south of the river and 1 cent north of the river. The 1 cent south was the only advance we were interested in.

Mr. MILLER. That remained in effect how long?

Mr. MILLER. Nearly four years.

Mr. MILLER. Now, in comparison with the carrying of lumber during the period when the rate was 28 and 25 cents to Chicago, what has been the improvement in the method and cost of handling that service?

Mr. MILLER. I can only reply in a general way as to that, that I understand the methods in regard to the transportation of lumber have improved.

Mr. MILLER. The capacity of the locomotives and the ca-
55*** pacity of the cars has been increased?

Mr. MILLER. Yes, sir; in many instances.

Mr. MILLER. Has not the tendency, in view of the many improvements in the railroad service generally throughout the whole country, been towards decreasing instead of raising the freight on traffic?

Mr. MILLER. You mean the improvement in equipment tends to decrease rates?

Mr. MILLER. Yes, sir.

Mr. MILLER. I don't think so.

Mr. MILLER. Hasn't there been a decrease in schedules going on throughout the United States ever since this improved system was brought into operation?

Mr. MILLER. That is a fact coincident with these things. One depends on the other.

Mr. MILLER. Now, you selected a number of articles bearing a much higher rate than lumber transported over your line, such as bananas, and what were the others?

Mr. MILLER. Bananas, cotton, dry goods, canned goods, mahogany and cherry lumber.

Mr. MILLER. Have you made any comparison between the values of those commodities and lumber per carload?

Mr. MILLER. Naturally most of these articles are more valuable than the lumber itself.

Mr. MILLER. You haven't selected anything that you might speak of as belonging to a low classification?

56*** Mr. MILLER. Of course my whole purpose was to show a staple movement of articles that took a higher rate per ton per mile. We have others that take a lower rate per ton per mile.

Mr. MILLER. I understand we haven't brought anything of that kind into this controversy?

Mr. MILLER. No, sir.

Mr. MILLER. Now, you spoke of fir, I believe, as the only lumber from the Pacific coast that brought a lower rate per ton per mile than yellow pine from your territory, or as low.

Mr. MILLER. You misunderstood me. I said I had some information relative to the movement of fir, but not white pine and hemlock.

Mr. MILLER. You gave the rate from that coast on fir?

Mr. MILLER. Yes, sir.

Mr. MILLER. You gave the rate per ton per mile on mahogany?

Mr. MILLER. Yes, sir.

Mr. MILLER. You undertook to say that was the only wood that bore as low a rate as pine?

Mr. MILLER. You misunderstood me.

Mr. MILLER. What did you mean to say about that?

Mr. MILLER. What I meant to say was that in the movement of fir to important points of consumption, like Chicago, the rate per ton per mile, even on that whole distance, was necessarily a very
57*** much higher rate than that on a large percentage of the business we handle.

Mr. MILLER. As a traffic proposition, isn't it considerably more desirable to have a large aggregate with a lower rate per ton per mile than a small aggregate with a greater rate per ton per mile?

Mr. MILLER. It would depend on the relations between the two.

Mr. MILLER. Isn't it the aim of the railroads to get the longest haul they possibly can out of the traffic they handle?

Mr. MILLER. With the best rate obtainable.

Mr. MILLER. And, of course, the greater that haul, the lower the rate per ton per mile. Isn't that so?

Mr. MILLER. Yes, sir.

Mr. MILLER. And that is considered the most desirable business?

Mr. MILLER. As a general statement, probably so.

Mr. MILLER. Well, now, that lumber that you figured on as having an advantage over yellow pine in respect to the cost of transportation into competitive territory has some other very considerable advantages over yellow pine, hasn't it?

Mr. MILLER. Well, I didn't figure on any other kind of lumber except in this one fir instance.

Mr. MILLER. Don't you know that fir is very much lighter than yellow pine?

Mr. MILLER. My understanding is that it is.

Mr. MILLER. And isn't that true of woods generally, such
58*** as hemlock and white pine?

Mr. MILLER. It is true as to hemlock and white pine, I think.

Mr. MILLER. When you spoke of the cost of equipping cars for glass and machinery, and things of that kind, which seemed to be very much higher, especially in the case of glass, than the expense imposed on the shippers of pine lumber, did it occur to you to consider the value of the articles mentioned?

Mr. MILLER. You mean considered in relation to the value of lumber?

Mr. MILLER. Yes; or by itself, in the abstract.

Mr. MILLER. I did not specially consider that. What I was trying to show was that the lumber shippers were not picked out as the only people who were subject to this expense, but that there were other people, shippers of other commodities, who were also put to that same expense.

Mr. MILLER. What is the value of a car of lumber?

Mr. MILLER. Well, that, of course, depends upon the grade. I should judge anywhere from $85.00 to $150.00 a car.

Mr. MILLER. And the value of a carload of glass?

Mr. MILLER. That is worth a good deal more—how much, I don't know; very much more.

Mr. MILLER. A carload of cotton runs into the thousands?

Mr. MILLER. Yes, sir; a carload of cotton is very valuable.

Com'r PROUTY. I don't know that we had better take much time on that proposition.

59*** Mr. GREEN. How much of this open-car movement of 65 per cent you say you use is used for export lumber?

Mr. MILLER. Well, the export-lumber movement is confined between those two or three mills in south Alabama and Mobile.

Mr. GREEN. Well, but the export lumber is all big stuff that is moved on oper cars, is it not?

Mr. MILLER. I think most of it is on open cars.

Mr. GREEN. You can't tell how much of this equipment is used in that business?

Mr. MILLER. No, sir.

Com'r PROUTY. Do you know what part of your lumber that moves north moves in open cars?

Mr. MILLER. About 65 per cent.

Mr. GREEN. I want to find out how many of those cars coming south are used for the export business.

Mr. MILLER. I think the cars used in our export business are maintained, practically, in that trade. They run between those mills. As a general thing they are not used between other points.

Mr. GREEN. In the fall of 1902 did not the Mobile & Ohio Railroad issue instructions to its agents and other employees to send all empty box cars to St. Louis for grain, notwithstanding there was a great demand for them in this section?

60*** Mr. MILLER. I couldn't say. There have been times when we handled our traffic in this way that we would get out certain equipment for certain destinations, but there was no standing order to that effect.

Mr. GREEN. I understand that the class of lumber transported in open cars consist of rough lumber, stick timber, and that the manufactured stuff moves in box cars.

Mr. MILLER. I understand the box cars are used for the better class of lumber.

Mr. GREEN. The mills manufacturing lumber which have tap allowances principally manufacture car sills and lumber that moves in the rough, do they?

Mr. MILLER. I an not advised.

Mr. GREEN. How is this tap allowance paid to these mills? Do you collect the whole of the tariff and then pay them back after you collect it?

Mr. MILLER. I have no definite information, but my impression is that it goes through our office.

Mr. CATCHINGS. Mr. Miller, you are familiar with the movement over the Mobile & Ohio of lumber originating on the New Orleans & Northeastern prior to the acquisition by the Southern of the Mobile & Ohio stock?

Mr. MILLER. Yes, sir.

Mr. CATCHINGS. And you have been familiar with this movement since?

Mr. MILLER. Yes, sir.

61*** Mr. CATCHINGS. Will you state whether the acquisition by the Southern of the stock of the Mobile & Ohio has disturbed the movement, in any way whatever, of the lumber traffic over the Mobile & Ohio originating at points on the New Orleans & Northeastern?

Mr. MILLER. In no respect whatever.

Mr. CATCHINGS. There has been no arbitrary diversion and no discriminating interference?

Mr. MILLER. No, sir.

Mr. CATCHINGS. It woves, as it has always moved, under what might be called the natural conditions governing that traffic?

Mr. MILLER. Yes, sir.

Mr. CATCHINGS. I will ask you one other question. From your knowledge of the condition of the traffic over the Mobile & Ohio and your long experience as a railroad man will you say whether or not, in your opinion, the lumber rate as it has been advanced is unjust or unreasonable?

Mr. MILLER. No, sir. I consider it both just and reasonable.

Mr. MILLER. I just want to ask you, Mr. Miller, if the acquisition of the Mobile & Ohio by the Southern has not removed all lack of harmony in respect to a matter of this sort in which both lines would have been independently interested before?

Mr. MILLER. No, sir; I consider it has no effect whatever on that situation.

62*** R. V. TAYLOR, a witness called on behalf of defendants, having been duly sworn, testified as follows:

Mr. PRINCE. Mr. Taylor, what position do you occupy with the Mobile & Ohio Railroad Company?

Mr. TAYLOR. General auditor.

Mr. PRINCE. How long have you been general auditor?

Mr. TAYLOR. Sixteen years.

Mr. PRINCE. How long have you been connected with the company?

Mr. TAYLOR. Twenty-six years.

Mr. PRINCE. Are the books, papers, and accounts of that company kept in your office?

Mr. TAYLOR. They are.

Mr. PRINCE. Can you show the construction account of this defendant up to June 30th, 1903?

Mr. TAYLOR. I can.

Mr. PRINCE. What is it, please?

Mr. TAYLOR. $27,807,815.40.

Mr. PRINCE. Mr. Taylor, what disbursements were made and obligations contracted in the purchase of railroads by your company? Give the mileage of each and state also whether those railways were south of the Ohio River?

Mr. TAYLOR. South of the Ohio River?

Mr. PRINCE. Yes, sir.

63*** Mr. TAYLOR. The only railway purchased by the Mobile & Ohio south of the Ohio River is the Mobile & Bay Shore, running from Mobile to Bayou la Batre, a distance of 38 miles. The Mobile & Ohio purchased it, assuming $200,000 of the first-mortgage bonds, gave to this company 500 shares of the Mobile & Ohio Railroad Company stock, and $6,966.40 in cash.

Mr. PRINCE. What is the present equipment of the Mobile & Ohio in locomotives and cars?

Mr. TAYLOR. 162 locomotives, with an aggregate capacity of 407,530 tons, and 6,435 freight cars, with an aggregate capacity of 192,145 tons.

Mr. PRINCE. What does the stock account of this defendant amount to?

Mr. TAYLOR. The total amount issued up to June 30th, 1903, is $5,370,600.

Mr. PRINCE. Mr. Taylor, have you a statement showing the receipts of the Mobile & Ohio Railroad from all sources for the several years from 1893 to 1903?

Mr. TAYLOR. I have.

Mr. PRINCE. Is that statement in your annual reports?

Mr. TAYLOR. Yes.

Mr. PRINCE. Well, we will file a copy of the annual reports. (Same marked "Exhibits A and B" to Mr. Taylor's testimony.)

(Exhibits A and B above referred to, being voluminous annual reports of the Mobile & Ohio Railroad, were omitted in printing for the reason that the relevant matters therein contained are set forth in the annual reports made by the Mobile & Ohio Railroad to the Interstate Commerce Commission, data from which, under stipulation of July 14, 1905, may be used by either party on the hearing of this cause.)

Mr. PRINCE. Mr. Taylor, have you a statement showing the disbursements for the same years?

Mr. TAYLOR. Yes, sir.

Mr. PRINCE. Is that also in the same report?

64*** Mr. TAYLOR. Yes, sir.

Mr. PRINCE. Now, has there been any deficiency during any of these years?

Mr. TAYLOR. There has been.

Mr. PRINCE. What was the amount of that deficiency?

Mr. TAYLOR. We have that specially shown by these same reports. Of course you mean after meeting its operating expenses and fixed obligations.

Mr. PRINCE. Yes, sir.

Mr. TAYLOR. This book we will file shows that. There was a deficiency in 1894–95, in 1899–00.

Mr. PRINCE. Now, will you file a statement showing the amount of that deficiency?

Mr. TAYLOR. Yes, sir; for each year.

Mr. PRINCE. Do you keep the Mobile & Ohio accounts according to the methods prescribed by the Interstate Commerce Commission?

Mr. TAYLOR. I do, exactly.

Mr. PRINCE. Have you a statement showing the funded debt of this company?

Mr. TAYLOR. I have.

Mr. PRINCE. What is it, please?

Mr. TAYLOR. The total funded debt on June 30th, 1903, was $24,174,145.

Mr. PRINCE. Against how many miles of road is that?

65*** Mr. TAYLOR. 753.88; but I want to make this explanation in connection with that. I want to say that covers obligations on account of these leased lines you have already spoken to me about. It also refers to leased lines north of the Ohio River. You want the exact amount covered by the mileage?

Mr. PRINCE. South of the Ohio River. Will you prepare a statement of that?

Mr. TAYLOR. I will prepare a statement showing the exact mileage south of the Ohio River and the exact bonded debt imposed on that mileage—stock and bonds.

Mr. PRINCE. Have you a statement showing the gross and net earnings?

Mr. TAYLOR. I have.

Mr. PRINCE. For what years?

Mr. TAYLOR. From 1893–94 to 1902–03.

Mr. PRINCE. What does that statement show?

Mr. TAYLOR. That statement shows the difference between operating expenses and gross earnings, and then such other payments as have been made on account of sustaining the equipment; in this way, that a line that owns $5,000,000 of equipment would, of course, have an annual depreciation of so much per cent, which, while not considered as part of the operating expenses, it is an expense incurred in order to keep up the average. Now, one of the amounts charged against the income account of most all railroads of this class is an amount paid sufficient to keep the equipment up to this general average.

66*** Mr. PRINCE. Are those statements that you are reading from the answers you have made to the interrogatories propounded by the complainants and on file here in this case?

Mr. TAYLOR. Yes.

Mr. PRINCE. Has this road ever declared a dividend?

Mr. TAYLOR. Yes; twice.

Mr. PRINCE. What years and amount?

Mr. TAYLOR. It declared a dividend of 1 per cent for the year ending June 30th, 1898, and 2 per cent for the year ending June 30th, 1903.

Mr. PRINCE. What were the amounts of those dividends?

Mr. TAYLOR. The first dividend was $53,206.00, 1 per cent on the outstanding capital stock, and the second, of 2 per cent, $107,412.00, as shown by this statement.

Mr. PRINCE. Have you a statement showing the increase in the cost of operation, price of labor, cost of material, with the percentage of increase, for the different years from 1899?

Mr. TAYLOR. Yes, sir.

Mr. PRINCE. What percentage of increase in labor does it show?

Mr. TAYLOR. Increase in labor for the year 1899–00 is 30.31; for the next year, 1.58 over the preceding year; 2.90 for the next year, and 2.98 for the next. I have also a statement showing the increase in different branches of labor for the period from June 30th, 1899, to June 30th, 1903.

Mr. PRINCE. Have you got a statement showing the increase

67*** in the cost of cars?

Mr. TAYLOR. Yes, sir. In 1898 the box cars we purchased cost $480.00; in 1902 they cost $673.00. Flat cars that cost $290.00 in 1898, in 1903 cost $851.00. Coal cars in 1898 cost $435.00, and in 1903 $679.00.

Mr. PRINCE. Have you a statement showing the percentage of gross earnings compared with net earnings, and can you say whether there has been a decrease or an increase in that respect?

Mr. TAYLOR. I can state that the percentage of net earnings has decreased.

Mr. PRINCE. Now, Mr. Taylor, from the books that your company keeps, what was the average price paid by you for lumber in 1898?

Mr. TAYLOR. Well, taking a fair unit of measurement, $9.25 per 1,000.

Mr. PRINCE. And in 1903?

Mr. TAYLOR. $14.00.

Mr. PRINCE. That shows an increase of what?

Mr. TAYLOR. $4.75 a thousand, or 51 per cent.

Mr. PRINCE. That was delivered, was it not?

Mr. TAYLOR. Oh, yes; that was delivered.

Mr. PRINCE. You haven't charged freight in that?

Mr. TAYLOR. No; the freight doesn't enter as an element of cost in either instance.

68*** Mr. PRINCE. Does the capital stock of this company greatly exceed the actual cost of construction and equipment of this road?

Mr. TAYLOR. It does not. The capital stock of the Mobile & Ohio represents, dollar for dollar, the amount paid in by subscription at the time the road originated, and in each of the adjustments of the debt of the Mobile & Ohio it has been materially and radically scaled.

Mr. PRINCE. Mr. Taylor, are you acquainted with the fact that there was in the charter of the Mobile & Ohio a certain limitation that it should not pay taxes until their stock and bonded indebtedness paid a dividend of 8 per cent, and that the State of Tennessee sued the Mobile & Ohio Railroad Company, claiming that, while the road did not pay 8 per cent, that it failed to pay it because they were overcapitalized; that there had been a fictitious increase in the capital stock and bonded and floating indebtedness?

Mr. TAYLOR. Yes, sir.

Mr. PRINCE. Did the case go to the Supreme Court of the United States, and was not the decision that there had been no fictitious increase in the bonded and floating indebtedness of the Mobile & Ohio?

Mr. TAYLOR. I know that was the decision rendered by the Supreme Court of the United States.

Mr. PRINCE. Mr. Taylor, have you any familiarity with the present stringency in the money market?

Mr. TAYLOR. Some; yes, sir.

69*** Mr. PRINCE. I mean in relation to the wants of the railroads and their endeavors to meet same?

Mr. TAYLOR. Yes; I have known from the character of the information that has come to railroads, for instance, that wanted to raise money to buy cars, that the conditions to-day are very much more stringent than they were one year ago.

845* Mr. PRINCE. Do you know it to be a fact that the railroads do cancel orders for cars?

Mr. TAYLOR. I do.

Mr. PRINCE. Is the M. & O. Railroad Company buying any cars at present?

Mr. TAYLOR. I cannot state definitely. They want to buy some if they can make the arrangements.

Mr. PRINCE. Do you know anything about the labor disturbances? Have they been a factor?

Mr. TAYLOR. A strong factor.

Mr. PRINCE. Is there anything else you wish to state in regard to this case?

Mr. TAYLOR. Nothing whatever.

Mr. MILLER. Does your company buy its lumber in the open market, giving all the competing mills along the line a chance at it?

Mr. TAYLOR. In general terms; yes, sir.

Mr. MILLER. Do you know whether or not the price list you mention was the prevailing list accessible to your road?

Mr. TAYLOR. Yes, sir.

Mr. MILLER. Are you acquainted with the mills mentioned
846* in that statement [handing statement to witness] at those four points?

Mr. TAYLOR. Yes, sir.

Mr. MILLER. How do they differ from other mills in respect to the logging equipment?

Mr. TAYLOR. You will have to tell me what other mills.

Mr. MILLER. Mr. [Haiden] Miller stated that you had something like a hundred on the line.

Mr. TAYLOR. Yes, sir.

Mr. MILLER. Have not other large mills on your road logging roads that run into the interior and haul logs?

Mr. TAYLOR. Not that I know of.

Mr. MILLER. Do you know these have?

Mr. TAYLOR. Yes, sir.

Mr. MILLER. Where do the others get their timber?

Mr. TAYLOR. I do not know.

Mr. MILLER. You are not familiar with the situation, are you?

Mr. TAYLOR. Yes, sir; I am quite familiar with it.

Mr. MILLER. Why don't you know where they get their timber?

847* Mr. TAYLOR. I think it would hardly be supposed that a man at the head of the accounting department of a railroad would know that. I think they get it from the forests.

Mr. MILLER. You do not know how far they haul it, or how they haul it?

Mr. TAYLOR. No, sir.

Mr. MILLER. Don't you know that these are mere logging roads serving the mills of the owner?

Mr. TAYLOR. My information, in a general way, is that they also handle freight. I am familiar with that, and know that one of them handles other freight.

Mr. MILLER. What about the other three?

Mr. TAYLOR. The one at Vinegar Bend I understand does. The one at Chicora and the one at Oak Grove will handle freight for quite a large population of people along the line.

Mr. MILLER. But these mills simply get their logs over that line, do they not?

Mr. TAYLOR. Well, yes; that is my information.

Mr. MILLER. And the mills are on the Mobile & Ohio?

848* Mr. TAYLOR. The one at Chicora is not on the line.

Mr. MILLER. How far from it?

Mr. TAYLOR. Something over a mile.

Com'r PROUTY. If you want to have these facts, would it not be better to examine the lumber agent?

Mr. PRINCE. He is here and the traffic man is here. I think he knows about it.

Mr. MILLER. Well, I will not press that further. Mr. Taylor, what proportion of your entire traffic does lumber form? Does your statement show that?

Mr. TAYLOR. No, sir; it does not.

Mr. MILLER. Can you not give an approximate idea or statement?

Mr. TAYLOR. Well, I doubt if I could with any reasonable chance of being approximately correct.

Mr. MILLER. Have not the net earnings of the Mobile & Ohio increased for the last four years?

Mr. TAYLOR. Except in a relative sense; yes, sir.

Mr. MILLER. The increase has been contemporaneous with the increase in the expense of operation, has it not?

Mr. TAYLOR. You mean in the same measure?

849* Mr. MILLER. I do not speak of the measure.

Mr. TAYLOR. Yes, sir; both have increased.

Mr. MILLER. In other words, in spite of the increased cost of operation the net earnings have increased.

Mr. TAYLOR. Yes, sir; but always in a decreasing ratio.

Mr. MILLER. Did you undertake to state a while ago what the stock and bonded indebtedness of the railroad was south of the Ohio River?

Mr. TAYLOR. I can figure that out exactly. We had it for the whole line.

Mr. MILLER. Can you say now about what it is?

Mr. TAYLOR. Yes, sir; in round numbers, $28,000,000.

Mr. MILLER. How much is that per mile?

Mr. TAYLOR. That is on 753 miles of road—slightly less than forty thousand dollars a mile.

Mr. MILLER. Is that south of the Ohio River?

Mr. TAYLOR. Yes, sir.

Mr. MILLER. Well, the Mobile & Ohio Road was very largely rebuilt in consequence of the disaster to it during the war, was it not?

Mr. TAYLOR. Yes, sir.

850* Mr. MILLER. How was that worked into the capital?

Mr. TAYLOR. An additional capital was made by the issue of bonds to the approximate extent of four and a half millions.

Mr. MILLER. When you undertook to give the bonded indebtedness of the Mobile & Ohio, did you count debenture bonds and general mortgage bonds?

Mr. TAYLOR. No, sir; I did not.

Mr. MILLER. In point of fact the mortgage bonds are outstanding but held as collateral?

Mr. TAYLOR. Yes, sir.

Mr. MILLER. What were the net earnings per mile of the Mobile & Ohio Railroad in 1903?

Mr. TAYLOR. $2,603.55. I am speaking for the whole line.

Mr. MILLER. That is north and south of the river?

Mr. TAYLOR. Yes, sir.

Mr. MILLER. Have you undertaken to set forth the earnings north and the earnings south?

Mr. TAYLOR. No.

Mr. MILLER. Has the Southern Railway Company been called
851* on to make good its guarantee of 4 per cent of the capital stock of your road, or 2 per cent?

Mr. TAYLOR. The Southern has made no such guarantee.

Mr. MILLER. I thought it was understood they were to pay 2 per cent for one year, and then 3 per cent and then 4 per cent.

Mr. TAYLOR. Not on the capital stock of the Mobile & Ohio.

Mr. MILLER. Do you recollect what the consideration was to stockholders?

Mr. TAYLOR. You mean the stock the Southern Railway bought of the Mobile & Ohio?

Mr. MILLER. Yes, sir.

Mr. TAYLOR. I understood they issued a certificate in which they guaranteed to pay on certain stock they purchased.

Mr. MILLER. Does not that come to the same thing?

Mr. TAYLOR. I do not know. If a man was a stockholder in the Mobile & Ohio, and did not sell to the Southern, they give him no guarantee.

Mr. MILLER. Well, now, is not this net increase in the earnings of the Mobile & Ohio Railroad in spite of the increased cost of
852* operation due to the largely improved equipment and the capacity of its motive power, etc., during the past several years?

Mr. TAYLOR. Well, I should say yes. It is the inevitable conclusion.

Mr. MILLER. If you paid the same scale of wages and the same prices, and had the same equipment you had eight or ten years ago, you would be bankrupt, would you not?

Mr. TAYLOR. Yes, sir.

Mr. MILLER. What became of that strike of locomotive engineers on your road?

Mr. TAYLOR. When?

Mr. MILLER. Within the last 2 or 3 years?

Mr. PRINCE. The strike of May 9th?

Mr. TAYLOR. The engineers did not strike.

Mr. MILLER. I thought they were engineers.

Mr. PRINCE. They were trainmen and conductors.

Mr. MILLER. Were you compelled to yield to their demands?

Mr. TAYLOR. No.

Mr. PRINCE. Did we not make them a concession?

Mr. TAYLOR. Yes, sir.

Mr. PRINCE. Did we not quit using double-headers?

853* Mr. TAYLOR. Yes, sir.

Mr. PRINCE. Was not that a great economy to us to use them?

Mr. TAYLOR. It was.

Mr. GREEN. Mr. Taylor, I find in the report of the Southern Railway for 1902–03, income from investments, dividend on Mobile & Ohio Railway's Company's stock, $98,652. How did that arise?

Mr. TAYLOR. From the fact that the Southern was the owner of certain shares of the Mobile & Ohio stock and called on the treasury to make payment of the dividends due on them.

Mr. GREEN. Now, this stock held by the Southern and upon which this dividend was paid was the stock that was guaranteed by the Southern, was it not, under the agreement?

Mr. TAYLOR. To draw the line of difference, they never guaranteed any dividend on Mobile & Ohio stock, but they guaranteed, if you were a holder of Mobile & Ohio stock and cared to sell your stock, they would give a certificate to pay a dividend.

Mr. GREEN. They issued a collateral trust certificate of the
854* Southern Railway Company for the shares of the Mobile & Ohio Railroad Company and guaranteed to pay the first year a 2 per cent, the second year a 3 per cent, and the third year and continuing a 4 per cent dividend on these collateral trust certificates issued by the Southern?

Mr. TAYLOR. Do you ask me to answer that as an officer of the Mobile & Ohio or from my general information?

Mr. GREEN. Both.

Mr. TAYLOR. I have no knowledge of any such fact, but, generally speaking and looking at the report you have there, I can reasonably assume that that is the way it was managed, but officially I know nothing of it.

Mr. GREEN. In the readjustment that was made after the war of the capital stock of which you have spoken, how much was the capital stock of the Mobile & Ohio reduced by reason of the destruction of the road?

Mr. TAYLOR. There was never any reduction of capital stock. It was in the bonded debt. The road defaulted in 1875 and had a reorganization in its affairs.

Mr. GREEN. There has never been but five millions of capital stock issued by the Mobile & Ohio?

Mr. TAYLOR. No, sir.

855* Mr. GREEN. That represents the original road that was built and upon which the subscriptions were paid, dollar for dollar?

Mr. TAYLOR. No, sir; I cannot say that. It represents the original subscriptions to build the road. Of course, long before the road was completed they built up the bonded debt to carry it on.

Mr. GREEN. I am speaking of the stock account—that is, the original five million dollars to build the road. Now, the road was practically destroyed during the war.

Mr. TAYLOR. Well, it was very seriously injured.

Mr. GREEN. All its bridges were burned?

Mr. TAYLOR. A great many.

Mr. GREEN. And all the equipment destroyed?

Mr. TAYLOR. Yes, sir.

Mr. GREEN. There was nothing left but the roadbed?

Mr. TAYLOR. Well, in the South there was a considerable part. It was generally seriously injured.

Mr. GREEN. To what extent would you say, from your knowledge of the facts and figures of the Mobile & Ohio Railroad, that this railroad was destroyed in value during the war?

856* Mr. TAYLOR. Well, from my general information, 25 per cent of the value.

Mr. GREEN. Not more than that?

Mr. TAYLOR. No, sir; because the permanent embankments of the original construction of the roadbed were not injured. The track and superstructure were seriously injured, but the great cost in constructing a railroad is cutting the first line through the country. I should say 25 per cent would fully cover it.

Mr. GREEN. To what extent was it destroyed?

Mr. TAYLOR. Well, its rails were not all destroyed.

Mr. GREEN. They were burned, were they not?

Mr. TAYLOR. You can not burn rails.

Mr. GREEN. During the war when they destroyed a railroad they took the cross-ties and put the rails on top of them and burned them, did they not?

Mr. TAYLOR. Only a small proportion were treated that way. It was too much labor.

Mr. GREEN. You say to relay the ties and rails and repurchase the rails and equipment did not cost more than 25 per cent?

857* Mr. TAYLOR. Four and a half million was the amount, approximately.

Mr. GREEN. What was the bonded debt at the time this four and a half millions of bonds was issued?

Mr. TAYLOR. That is not formulated here. They had to raise about four and a half millions to make this improvement.

Mr. GREEN. Have not you before the Mississippi State commission in the matter of taxation consistently maintained that the stock and bonded value of the Mobile & Ohio Railroad Company was no criterion whatever of its taxable value?

Mr. TAYLOR. Well, I will have to answer that in general terms. I think it might be said, yes, in general terms.

Com'r PROUTY. How is the road taxed in Mississippi?

Mr. GREEN. According to the returns required——

Com'r PROUTY. Does the railroad company make a return, placing a value on the property?

Mr. GREEN. Yes, sir; that return is in the archives at Jackson.

Com'r PROUTY. Did you ask to have that produced?

Mr. GREEN. No, sir; we will ask leave to file it. We will produce in rebuttal the tax assessments of these roads.

858* Com'r PROUTY. I do not think the tax officially assessed is necessarily evidence, but if the road makes a return in which it places a value on its property, that is in the nature of an admission.

Mr. GREEN. The roads uniformly return it at less than the Commission fix it at.

Mr. PRINCE. Have you any statement, Mr. Taylor, in the returns here showing any tax statement?

Mr. TAYLOR. Yes, sir.

Mr. GREEN. The returns of the Mississippi commission?

Mr. TAYLOR. No, sir. I answered your question in the abstract that that would not be a fair way to return its property.

Mr. GREEN. How much would it take per mile to construct and equip the Mobile & Ohio like it was constructed and equipped after the war?

Mr. TAYLOR. I was not born until 1859. I would be afraid to swear on that subject.

Mr. GREEN. That is all.

Mr. PRINCE. Can you give in a statement the following statistics for each of the years from 1890 to 1903, both inclusive, for that

859* part of the Mobile & Ohio south of the Ohio River: Gross earnings, operating expenses, net income from operation, net income from all sources, interest on funded debt, rentals of leased

lines, taxes, dividends, surplus, number of miles operated, amount expended in permanent improvements and betterments charged to operating expenses, amount expended in permanent improvements and betterments charged to construction account or any account other than operating expenses, amount set aside out of earnings for permanent improvements, but not yet expended, overcharges or other repayments made to shippers, funded debt per mile of road, capital stock per mile of road, total capitalization per mile of road?

Mr. TAYLOR. I can give that, except overcharges refunded to shippers. I can not give that on account of the mass of details. All the other data there is on file with the Interstate Commerce Commission in each of our reports and can be readily rendered by me.

Mr. PRINCE. I would like to ask if you know that this applies to our line south of the Ohio River?

Mr. TAYLOR. Yes, sir.

Mr. PRINCE. Have you got it divided so that you can show it?

860* Mr. TAYLOR. Yes, sir.

Mr. PRINCE. I wish you would please have four copies made of that.

Mr. TAYLOR. You have asked an additional question in regard to the amount expended prior to the war. That I can state in an aggregate amount as to what it cost, but can not give the details. I can show the cost of construction prior to the war and since the war.

Mr. PRINCE. That is a question asked by Mr. Green.

Com'r PROUTY. He says he can furnish that generally. That is all. It appears to be understood that there are four instances in which the Mobile & Ohio allow tap-line divisions. I think that has been stated and also the points at which the divisions are allowed. Are there any additional facts that have any bearing on this case?

Mr. MILLER. I would like to know something of the volume of traffic from those four places.

Mr. PRINCE. I do not think there is any one here who could make that statement.

Mr. MILLER. I know one of the mills is one of the largest in the South.

861* Com'r PROUTY. They can file a statement showing the aggregate amount of traffic they receive from these mills and the aggregate amount of divisions they pay these mills.

Mr. PRINCE. We can file a statement, and will do so.

Mr. MILLER. I understand you will also furnish a statement showing the entire movement of the Mobile & Ohio originating on your line.

Mr. PRINCE. Yes, sir; for eleven months. That will include your statement.

Mr. MILLER. I would be glad if you would separate them.

Mr. PRINCE. We can separate them.

Com'r PROUTY. Indicate on this statement what part of this traffic is subject to a tap-line division.

Mr. PRINCE. Yes, sir.

Com'r PROUTY. You are excused, Mr. Taylor.

Mr. PRINCE. The Mobile & Ohio has but one more witness, the lumber agent. We would like to introduce him on the cost of equipping cars.

Com'r PROUTY. What will he swear to?
Mr. PRINCE. I think one dollar and a half.
Com'r PROUTY. And what for freight?
Mr. PRINCE. That includes freight.

862* H. A. SMITH, a witness on behalf of the defendants, having been duly sworn, testified as follows:

Mr. PRINCE. You are the lumber agent of the Mobile & Ohio?
Mr. SMITH. Yes, sir.
Mr. PRINCE. How long have you been connected with the M. & O.?
Mr. SMITH. About 15 years.
Mr. PRINCE. As lumber agent?
Mr. SMITH. Yes, sir.
Mr. PRINCE. You are thoroughly familiar with the lumber business?
Mr. SMITH. Yes, sir.
Mr. PRINCE. Do you know what it costs to equip a car and what would be the freight on that equipment to an average point of destination?
Mr. SMITH. Yes, sir.
Mr. PRINCE. Have you a statement showing that?
Mr. SMITH. Yes, sir.
Mr. PRINCE. Produce it, please.
863* [Paper produced by witness.]
Mr. SMITH. I agree with Mr. R. W. Hinton's testimony here yesterday. It takes eight pieces of 4 by 4, 8 feet long, and four pieces 1 by 4, 8 feet long, to strip across the loaded lumber, making a total of 85 feet. That is a very inferior class of lumber that they use to strip and stake the cars with—bark edges, red heart, or an inferior quality of lumber.
Mr. PRINCE. What is commonly known as culls, is it not?
Mr. SMITH. Yes, sir.
Mr. PRINCE. The total number of feet is what?
Mr. SMITH. 85 feet.
Mr. PRINCE. At what price did you figure it?
Mr. SMITH. You can get that lumber for $6.50 or $7.00 a thousand.
Mr. PRINCE. What would the cost of the lumber be?
Mr. SMITH. That multiplied by six dollars and a half would be 51 cents for the lumber.
Mr. PRINCE. Figured at eight dollars a thousand, what would it be? There are your figures [handing paper to witness].
Mr. SMITH. That would be 67 cents for the lumber; then it costs about 15 cents for nails.
864* Mr. PRINCE. Fifteen cents worth of nails?
Mr. SMITH. Yes, sir; they have to nail it up good and strong, and the labor would be, I suppose, 40 cents.
Mr. PRINCE. That is, two men two hours?
Mr. SMITH. Oh, no; it does not take 2 hours.
Mr. PRINCE. Forty cents would be for two men two hours, would it not?
Mr. SMITH. Yes, sir. That would make about $1.12.
Mr. PRINCE. What would be the freight on that from an average point on the M. & O.?
Mr. SMITH. That would figure 67 feet at 4½ pounds; that would be about 306 pounds.

Mr. PRINCE. What would be the freight on it?

Mr. SMITH. Well, where to?

Mr. PRINCE. Take Chicago; 26 cents is about an average. It is higher?

Mr. SMITH. That would be about one dollar.

Mr. PRINCE. Add it to the other and give the total.

Mr. SMITH. That would figure out $2.12, but I did not add the freight before.

Mr. PRINCE. That is the average, $2.12?

865* Mr. SMITH. Yes, sir.

Mr. PRINCE. That is all.

Cross-examination:

Mr. MILLER. In making your estimate, have you been governed by the master carbuilders' rules on such equipment as you have examined?

Mr. SMITH. What we actually handled.

Mr. MILLER. In other words, your shippers do not conform to the requirements of the master carbuilders' rules 12 and 13—or are you familiar with those rules?

Mr. SMITH. I am perfectly familiar with them.

Mr. MILLER. Does this material, either in point of quality or quantity, conform to those rules?

Mr. SMITH. Well, no, sir.

Mr. MILLER. Suppose the requirements of the master carbuilders' rules were observed, and that you had inspectors to see that they were observed, would there be any difference in your calculations?

Mr. SMITH. If the rules of the master carbuilders were car-

866* ried out to the letter, where they mention that all lumber must be straight grained and sawed off and figured out and lapped and crossed and everything else, I suppose it would be more

Mr. MILLER. How much more?

Mr. SMITH. I do not know.

Mr. MILLER. What would be the quality of lumber called for by those specifications?

Mr. SMITH. It would be first class.

Mr. MILLER. You do not know anything about the practice except on your own line, do you?

Mr. SMITH. Yes, sir.

Mr. MILLER. Do you mean to say there are no inspectors to see that those rules are complied with?

Mr. SMITH. Not that I know of at the present time.

Mr. MILLER. Have you ever known an equipment to be condemned for not complying with these rules and the car reequipped and charged to the shipper?

Mr. SMITH. No, sir; when the railroads take a car of lumber, and it is not properly equipped according to their judgment, it is left at the side track.

Mr. MILLER. Left at the point of origin?

867* Mr. SMITH. Yes, sir; if it is not fixed up so that it will move; but the general way they move lumber now is to use four pieces of 4 by 4, 8 feet long, stripped, and nailed across at the top, and all the railroads are moving lumber under those conditions at present.

Mr. MILLER. Where do your duties keep you?

Mr. SMITH. On the Mobile & Ohio, the New Orleans & Northeastern, the Gulf & Ship Island, and the A. & V.

Mr. MILLER. Have you paid special attention to this on all the roads?

Mr. SMITH. Yes, sir.

Mr. MILLER. How about the Illinois Central?

Mr. SMITH. I am not very familiar with the Illinois Central.

Mr. MILLER. You do not know whether its standard is more rigid or not?

Mr. SMITH. No, sir; I do not.

Mr. MILLER. I would like to ask you a question outside of this matter. Are you familiar with all the milling plants along the Mobile & Ohio between Montgomery and—where does it join the main line—Artesia?

Mr. SMITH. Yes, sir.

Mr. MILLER. And between Mobile and Montgomery?

868* Mr. SMITH. Yes, sir.

Mr. MILLER. What is the difference between the mills at Quitman, Chicora, Pine Tree, and Vinegar Bend—what is the difference between the conditions at those mills and the mills generally with reference to logging equipment?

Mr. SMITH. The Pine Tree Company is not located on our tracks. It is about a half a mile away.

Mr. MILLER. Generally speaking, how is it; are they generally located about the same distance from the main line?

Mr. SMITH. The Vinegar Bend Lumber Company, the M. L. Davis Lumber Company, and the Mississippi Lumber Company are located practically on the tracks. The Robinson Lumber Company at Chicora is a mile and a half from the main line.

Mr. MILLER. How about the other mills along the main line? Have not they plants by which they move logs to the mill?

Mr. SMITH. What line do you mean?

Mr. MILLER. The Mobile & Ohio.

Mr. SMITH. What division?

Mr. MILLER. Any one.

Mr. SMITH. The Vinegar Bend Company have a chartered

869* road, and at Chicora they have a chartered road.

Com'r PROUTY. I can not see what bearing this has on the subject.

Mr. MILLER. Because he is the only witness who knows anything about it.

Com'r PROUTY. What has that to do with the case? The Mobile & Ohio admits that it does pay these divisions, and it must haul the lumber from those points for the rate less the division.

Mr. PRINCE. I would like to say that there are no mills on our lines having tap lines that are not allowed tap-line divisions.

Com'r PROUTY. I can understand that the Mississippi men may justly complain that the Alabama mills have an advantage over them, as they complain of those west of the Mississippi River, but that is not involved in this case.

Mr. MILLER. Only as affecting the reasonableness of this rate.

Mr. GREEN. Give me the dimensions of that stuff figured on for car equipment.

Mr. SMITH. Eight pieces 4 by 4, 8 feet long, and four pieces 1 by 4, eight feet long.

870* Mr. GREEN. Are not you mistaken about that being the standard Mr. Hinton spoke of.

Mr. SMITH. He said one by 4 or 6.

Mr. GREEN. Did he not say eight pieces 4 by 4, ten feet long, and four pieces ten feet long?

Mr. SMITH. He said he cut those off.

Mr. GREEN. Suppose that was eight pieces 4 by 4, eight feet long, and four pieces 1 by 4, eight feet long.

Mr. SMITH. I figured 85 feet. It might be a mistake.

Mr. GREEN. Is it not 95?

Mr. SMITH. Well, I guess it is.

Mr. GREEN. If it was as Mr. Hinton said, eight pieces 4 by 4, by 10 feet, and four pieces ten feet long, it would be 122 feet?

Mr. SMITH. I did not put mine down like Mr. Hinton. I make mine eight feet long—I say, relatively like he stated.

Com'r PROUTY. Do you see this lumber loaded on flat cars?

Mr. SMITH. Yes, sir.

Com'r PROUTY. Do they transport lumber on flat cars which might be transported in box cars?

871* Mr. SMITH. Well, occasionally when we have no box cars and the shippers are in a rush to ship the lumber they load a certain class of lumber in open cars—that is, not dressed, that will not damage in transit.

Com'r PROUTY. But ordinarily you would not put anything on a flat car unless the length was such that you could not get it into a box car?

Mr. SMITH. Yes, sir.

Mr. GREEN. Mr. Smith, would a piece eight feet long span a car?

Mr. SMITH. Well, I do not know. I do not know much about the width of a car.

Mr. GREEN. Don't it take a piece ten feet long?

Com'r PROUTY. I do not think it is worth while to spend much time on that.

Mr. GREEN. That is all.

The witness was excused.

872* T. F. STEELE, a witness on behalf of the defendants, having been duly sworn, testified as follows:

Mr. BAXTER. I believe you are general freight agent of the New Orleans & Northeastern Railroad and of the Alabama & Vicksburg Railroad, are you not?

Mr. STEELE. Yes, sir.

Mr. BAXTER. How long have you occupied that position?

Mr. STEELE. Something over 5 years.

Mr. BAXTER. Are you familiar with the traffic of those companies?

Mr. STEELE. I am.

Mr. BAXTER. And the different classes of freight carried by them?

Mr. STEELE. Yes, sir.

Mr. BAXTER. Do your duties have any relation to the making of freight rates over those lines?

Mr. STEELE. They do.

Mr. BAXTER. Are the rates of those companies made by their
873* own officers or made under contract, agreement, or understanding with competing lines?

Mr. STEELE. The rates are made by these lines and are our individual and independent rates and are made without any agreement with any other line.

Mr. BAXTER. Are you familiar with the lumber traffic of those companies?

Mr. STEELE. Yes, sir.

Mr. BAXTER. State whether the lumber handled by those companies is or is not as profitable as the average of the other business handled by them.

Mr. STEELE. It does not yield as much per ton per mile as the other business handled.

Mr. BAXTER. What proportion of the lumber handled by your companies originating on their own lines and connections is consigned to points on and north of the Ohio River?

Mr. STEELE. I have no statistics on that, but in a general way I should say about 80 per cent.

Mr. BAXTER. State whether the rates made and accepted by your companies and connections are such as enable the yellow pine lumber originating in Mississippi and Louisiana to compete with territory north of the Ohio River.

Mr. STEELE. They are.

874* Mr. BAXTER. State whether those rates are such as to enable the yellow pine manufacturer in Mississippi and Louisiana to sell in territory north of the Ohio River at a profit.

Mr. STEELE. I should say they were.

Mr. BAXTER. What per cent of the flat cars used by your companies in the transportation of lumber are hauled to the mills for the lumber empty?

Mr. STEELE. I have not got that worked out in per cent, but I have a statement showing the number of cars of different characters handled empty to the mills for the movement of lumber. I took the month of March as probably the best month of the year to show just what the movement was and for the two years of 1902 and 1903. In 1902 we moved during March 69 box cars, 243 flat cars, and 470 gondola cars, a total of 782 cars empty for the transportation of lumber.

Com'r PROUTY. How many cars of lumber did you transport?

Mr. STEELE. I have the movement of lumber for the ten months ending October 31.

Com'r PROUTY. Perhaps you could add to that the total number of cars you handled out during those months.

875* Mr. STEELE. I would be glad to do it. That was 1902. Now, for March, 1903, the empty movement was box cars, 22; flat cars, 588, and gondola cars, 265, a total of 875.

Mr. BAXTER. Now, those empty cars that you hauled into the mills to load the lumber, where they belonged to other lines what per diem or mileage do you pay?

Mr. STEELE. Twenty cents per day.

Mr. BAXTER. You pay that whether the cars are empty or loaded?

Mr. STEELE. Yes, sir.

Mr. BAXTER. Are the flat cars furnished to the mills at their request or as a matter of choice on your part?

Mr. STEELE. We furnish such kind of equipment as is requested by the mills.

Mr. BAXTER. Have the box cars doors in the ends, so that they can load with lumber from the ends?

Mr. STEELE. Yes, sir.

Mr. BAXTER. Why are those box cars not used by the shippers instead of flat cars?

Mr. STEELE. The cost of loading lumber in a flat car is very much less than loading in a box car.

Mr. BAXTER. Even when the box car has side doors and
876* end doors both?

Mr. STEELE. Yes, sir.

Mr. BAXTER. If you have made any investigation, state what the average cost is on standards and supports used to equip flat cars on your roads.

Mr. STEELE. There are several kinds of lumber loaded on a flat car. I have a blue print showing how short lumber is loaded on single cars and how long lumber is loaded on single cars. I mean by short lumber where there are two lengths of lumber loaded on the same car, while the long lumber is about as long as the car. Where the short lumber is loaded the cost is $1.58.

Mr. BAXTER. And the long——

Com'r PROUTY. Why would a man load short lumber on a flat car?

Mr. STEELE. We get it loaded frequently that way—about half the load to the center of the car and then half from there on, there being two lengths that aggregate the length of the car.

Com'r PROUTY. Could that be put into a box car?

Mr. STEELE. That could be put into a box car; yes, sir.

877* Mr. BAXTER. What is the average freight on the material used in equipping flat cars for lumber from Mississippi points to points on and north of the Ohio River?

Mr. STEELE. I estimate that the weight of the lumber is something over 800 pounds—I should say something less than 900 and something more than 800. I have prepared a statement showing what the rates would be to the different destinations on the basis of both 800 and 900 pounds.

Com'r PROUTY. You need not take time to look that up. We know the average rate is somewhere about 26 or 27 cents. You have given the weights.

Mr. BAXTER. Are there any other commodities hauled by your road that require bracing and protection to secure safety in transportation, such as boilers, cast-iron pipes, rails, etc.?

Mr. STEELE. Yes, sir.

Mr. BAXTER. On those other commodities requiring to be braced for protection is freight charged or assessed on the gross weight or net weight? In other words, do you charge freight on such standards and braces used to protect other commodities like you do lumber?

Mr. STEELE. Yes, sir.

878* Mr. BAXTER. Does the average freight on yellow-pine lumber of mills located on your road to destination amount in the aggregate to more or less than the value of the product at the point of shipment?

Mr. STEELE. I am not prepared to state what the value of the lumber is. I could only give you my opinion.

Com'r PROUTY. What is your impression about it?

Mr. STEELE. Of course it would depend on the destination. To Cairo the rate would be less and to some interior or New York point it would be more. It would depend also on the character of the lumber.

Mr. BAXTER. I called for the average.

Mr. STEELE. The average, I should say, would be a little less than the value of the lumber.

Mr. BAXTER. How do the rates on lumber charged on your roads compare with the average rates per ton per mile on coal and pig iron?

Mr. STEELE. The average rates on lumber are in some cases higher, but on the average they are lower than the rates on other commodities.

Mr. BAXTER. Have you prepared a statement showing a comparison of that kind?

879* Mr. STEELE. I have.

Mr. BAXTER. Please file that as an exhibit to your testimony.

(The same is hereto annexed and marked "Exhibit No. 1 to Mr. Steele's testimony.")

Mr. BAXTER. Are the lumber rates charged on your lines higher or lower than the rates charged on your lines on classified freight?

Mr. STEELE. Lower.

Mr. BAXTER. State generally what efforts your company and other carriers have made to build up a market for yellow-pine lumber in territory on and north of the Ohio River.

Mr. STEELE. We have in placing our orders for cars stipulated the use of yellow-pine lumber. We have reduced the rates from time to time when there was a depression in the business in order to enable them to get into this territory in question. We also, in 1888 or 1887 *1897*—along in there—were induced to put in a tap-line proportion, because it was represented by the lumber people that it was needed to prevent them from going into bankruptcy or liquidation.

Mr. MILLER. In 1887 or 1897?

Mr. STEELE. 1897.

880* Mr. BAXTER. It appears from other statements filed in the case that in 1894 there was a reduction made in the rates from this territory to Cairo with a view of meeting competition from Texas and Arkansas. Was any such reduction as that made on any other commodity from this section of the country to Cairo?

Mr. STEELE. I cannot answer that. My records do not go back of 1895.

Mr. BAXTER. Has there, or not, been a free and increased movement of yellow-pine lumber from Mississippi to territory on and north of the Ohio River both before and since the recent advance in rates?

Mr. STEELE. Yes, sir.

Mr. BAXTER. Have you prepared any statement to illustrate that fact?

Mr. STEELE. I have a statement showing the number of cars of lumber from points on the New Orleans & Northeastern Railroad and

the Alabama & Vicksburg Railway for the ten months ending October 1902 and 1903, which shows a slight increase in the movement from the New Orleans & Northeastern Railroad and a slight decrease in the movement from the Alabama & Vicksburg Railway. I will say in explanation of that, that that is simply the business
881* from the A. & V. Railway. The lumber business has been gradually growing less and less, it being an older road and the timber having been cut away.

Mr. BAXTER. File that as an exhibit to your testimony.

(The same is hereto annexed and marked "Exhibit No. 2 to Mr. Steele's testimony.")

Mr. BAXTER. It has been said in the case that the members of the Central Yellow Pine Association have been restricted in their markets to territory on and north of the Ohio River. Have you compiled any statement showing the amount of lumber exported through the Gulf ports, or any of them?

Mr. STEELE. I have a statement showing the yellow pine exported through the port of New Orleans for the ten months ending October, 1903, showing 40,396,948 feet, besides ties, poles, timber, and piling.

Mr. BAXTER. Will you file that statement as an exhibit to your testimony?

Mr. STEELE. Yes, sir.

(The same is hereto annexed and marked "Exhibit No. 3 to Mr. Steele's testimony.")

Mr. BAXTER. What have you to say in reference to the ques-
882* tion whether your roads have furnished promptly cars to transport such lumber as has been offered to them to ship?

Mr. STEELE. There has been more or less delay on the part of our lines in furnishing cars for shipment.

Mr. BAXTER. Why has that been the case?

Mr. STEELE. The movement of business was greater than we had equipment for, and greater than we had anticipated in time to provide the necessary equipment.

Mr. BAXTER. Are cars which are loaded with lumber generally loaded to their full capacity?

Mr. STEELE. Cars loaded with lumber are not loaded to their full capacity, as a rule.

Mr. BAXTER. How does the loading of lumber compare with the loading of brick, coal, and iron ore?

Mr. STEELE. The minimum required by the tariff on lumber is 30,000 pounds; on coal, the capacity of the car, which is charged for whether the coal is in the car or not; on brick, 40,000 pounds.

Mr. BAXTER. State generally whether the lumber shippers on the line of your road were given notice of the increase of 2 cents per hundred pounds in lumber rates.

Mr. STEELE. Yes, sir; they were given due notice.

883* Mr. BAXTER. How long before the advance took effect?

Mr. STEELE. At the meting at the St. Charles Hotel in New Orleans, in January, when the question was first considered by our lines. A few days thereafter I had a conversation with, I think, both Mr. Hinton and Mr. Gardiner. Whether they called on me and had heard of it or whether I notified them I do not now recall, but they were advised that it was under contemplation.

Mr. BAXTER. Were your roads able to supply equipment to permit the shippers to handle the orders they had in immediately—before your rates took effect?

Mr. STEELE. No, sir.

Mr. BAXTER. Was the advance in the lumber rates which was made by your lines made by them independently or under agreements with other lines?

Mr. STEELE. Made by us independently.

Mr. BAXTER. I will ask you whether in your opinion the recent advance of 2 cents per hundred pounds in lumber rates was reasonable or unreasonable?

Mr. STEELE. I consider that it was not only reasonable, but necessary.

Mr. BAXTER. That is all.

Com'r PROUTY. We will take a recess until 2 o'clock.

At 12.40 o'clock p. m. the Commission took a recess until 2 o'clock p. m.

884* AFTER RECESS.

2 o'clock p. m.

Com'r PROUTY. Mr. Steele, you are connected with the New Orleans & Northeastern?

Mr. STEELE. Yes, sir.

Com'r PROUTY. Give the termini of that road.

Mr. STEELE. New Orleans on the south and Meridian, 196 miles northeast. There are two other roads—the Alabama & Vicksburg from Meridian to Vicksburg, 140 miles, and the Vicksburg, Shreveport & Pacific, running from Vicksburg to Shreveport, west of the river.

Com'r PROUTY. Do you originate lumber on all three of those lines?

Mr. STEELE. Yes, sir; but the pine lumber is nearly all cut off of the Alabama & Vicksburg. It is one of the oldest roads in this section, and there is only a small amount now cut there.

Com'r PROUTY. Most of the lumber you originate is on the New Orleans & Northeastern?

Mr. STEELE. Yes, sir.

885* Com'r PROUTY. To what other road is that turned over at Meridian?

Mr. STEELE. The Southern, the Alabama Great Southern, or the Mobile & Ohio.

Com'r PROUTY. About equally divided between the three?

Mr. STEELE. No, sir; the Mobile & Ohio gets the largest per cent, because most of the business moves via Cairo.

Com'r PROUTY. What is your division on that with the Mobile & Ohio?

Mr. STEELE. Six cents per hundred pounds.

Com'r PROUTY. And the same with the other lines?

Mr. STEELE. No, sir; on all business by the A. G. S. and Cincinnati Southern we also receive six cents. On all business via the Southern Railway, to points east of what is practically the Illinois-Indiana line we receive 5 cents per hundred pounds from that line.

Com'r PROUTY. Do you receive any lumber from connecting roads?

Mr. STEELE. From the Gulf & Ship Island, the Pearl & Leaf River, and the Mobile, Jackson & Kansas City.

Com'r PROUTY. You transport that lumber up to Meridian?

Mr. STEELE. Yes, sir.

886* Com'r PROUTY. And turn it over to these other lines there?

Mr. STEELE. Yes, sir.

Com'r PROUTY. Do you allow the Gulf & Ship Island a division of 7 cents?

Mr. STEELE. Six cents on business that originates at their local stations. Under their contract with Eastman, Gardiner & Company in the sale of this road from Laurel out west, which was extended to the Gulf & Ship Island, and of the Camp & Hinton Company, which provided for the Gulf & Ship Island control of that lumber—on such lumber as the Gulf & Ship Island receives from them and turns over to us—we allow them 5 cents per hundred pounds.

Com'r PROUTY. When you receive this lumber from the connecting lines and transport it to Meridian, how many miles do you haul it?

Mr. STEELE. I would say that Hattiesburg, 85 miles distance, is a fair distance.

Com'r PROUTY. What do you receive out of that haul?

Mr. STEELE. 3 cents per hundred pounds.

887* Com'r PROUTY. I would like to have you furnish a statement showing the number of carloads of lumber which you originated on your line in the first eleven months of the present year, down to December 1st, and the points of origin. You can do that without very much trouble, can you not?

Mr. STEELE. Yes, sir; I have it already for ten months.

Com'r PROUTY. You filed a statement showing the movement for ten months, but did it show the points of origin?

Mr. STEELE. No, sir.

Com'r PROUTY. I want one to show the points of origin.

Mr. STEELE. Do you want that to embrace lumber received from connections?

Com'r PROUTY. No; just give a statement showing what lumber you originate on your line and the points at which it originates.

Mr. STEELE. I will do that. You only want the Northeastern?

Com'r PROUTY. Yes, sir; only the Northeastern. You may proceed, Mr. Green.

Mr. GREEN. The V. S. & P. is quite an originating road, is it not?

Mr. STEELE. No, sir; there is some lumber on the Vicksburg, Shreveport & Pacific, but most of it comes from cross lines.

888* Com'r PROUTY. I do not care for any lumber that is exported, but simply lumber that moves north.

Mr. BAXTER. That goes to Ohio River or points beyond?

Com'r PROUTY. To Ohio River or points beyond. You have not stated, Mr. Steele, the proportion of lumber that moves north on flat cars from points on your line.

Mr. STEELE. I said to Mr. Baxter that I had not a statement of that, but I thought about 30 per cent, or not to exceed 30 per cent.

Com'r PROUTY. Do you furnish flat cars in any cases where they are not especially ordered by the shipper?

Mr. STEELE. I could not say we had not done so, but I believe—in fact, I know—we do endeavor to furnish the shipper with such cars as he may ask for. It may be that occasionally a shipper will ask for a box car or a flat car and we might not have it, and being in a hurry for it, he might use a car that did not suit him quite so well.

Mr. GREEN. Mr. Steele, there is traffic in lumber moving east over the V. S. & P. to Vicksburg, where it takes the Yazoo & Mississippi Valley to points north of the Ohio River?

Mr. STEELE. Yes, sir.

889* Mr. GREEN. And also to Jackson, Miss., where it takes the Illinois Central north.

Mr. STEELE. No, sir.

Mr. GREEN. Or to Meridian where it takes the Mobile & Ohio north.

Mr. STEELE. Yes, sir; or the A. G. S.

Mr. GREEN. What division do you get on the traffic that goes north over the Yazoo & Mississippi Valley from Vicksburg on the through tariff?

Mr. STEELE. If it goes north by the Y. & M. V., we do not get any tariff beyond Vicksburg.

Mr. GREEN. Do you haul it in on the local?

Mr. STEELE. You speak of lumber from the V. S. & P.?

Mr. GREEN. Yes, sir; I want to know what division you get on that lumber which moves over your rails and the rails of the Y. & M. V. north?

Mr. STEELE. I have not those figures, but all those figures are in the statements you called for and are furnished in that exhibit.

Mr. GREEN. The same is true of lumber moved over the Mobile & Ohio?

Mr. STEELE. Yes, sir.

890* Mr. GREEN. Can you give it generally?

Mr. STEELE. From the V. S. & P.?

Mr. GREEN. Yes, sir.

Mr. STEELE. We accept as low as 4 cents per hundred pounds on some lumber originating on the lines other than the V. S. & P.

Mr. GREEN. The V. S. & P., I understand, allows a tap-line division to some mills on its road, does it not?

Mr. STEELE. Yes, sir.

Mr. GREEN. How much?

Mr. STEELE. Three cents per hundred pounds.

Mr. GREEN. On the lumber on which you allow a tap-line division of 3 cents per hundred pounds, what proportion is allowed to you out of the traffic which moves north by Vicksburg over the Y. & M. V.?

Mr. STEELE. Those statements show that. I could not speak from memory. They show the proportions to Vicksburg. I should say they are all included in that. I can furnish that if it is not given.

Mr. GREEN. Will you furnish a statement showing the divisions you receive from that traffic moving north over the rails of the

891* Y. & M. V. on the lumber on which you allow a tap-line division, and also the same information in respect to the lumber which moves over the rails of the Mobile & Ohio from Meridian north, after being transported over the V. S. & P. and Alabama Great Southern?

Mr. STEELE. Yes, sir.

Mr. GREEN. What is the maximum tap-line division on the V. S. & P.?

Mr. STEELE. We have only one—3 cents per hundred pounds.

Mr. GREEN. Irrespective of distance?

Mr. STEELE. There is only that one. I will state that that road is about 20 miles long.

Com'r PROUTY. You need not go into that.

Mr. GREEN. Mr. Steele, is it not a fact that your system, the Queen & Crescent, is now and has been for a year so short of cars that you are transporting baled cotton over the Alabama & Vicksburg Railway in large quantities in open cars?

Mr. STEELE. I do not know.

Mr. GREEN. Don't you recall there has been a large number of bales of cotton recently destroyed by fire on the A. & V. road?

892* Mr. STEELE. That would not come under my observation.

Mr. GREEN. What would you say in respect to the great dearth of cars over your system last fall and winter?

Mr. STEELE. We have been very short of cars for something like two years.

Mr. GREEN. Don't you recall that at one station—Morton—on the A. & V., there was one shipper that had a number of carloads of ties to be shipped and that your road could not haul them out from November until along in March by reason of the deficiency in your cars?

Mr. STEELE. I cannot say.

Mr. GREEN. Don't you recollect he is suing you now for damages sustained?

Mr. STEELE. You said ties.

Mr. GREEN. Staves I should say.

Mr. STEELE. I do remember a shipper at Morton, I believe, has sued the road for failure to furnish cars for the shipment of staves. For what length of time I do not know.

Mr. GREEN. You are not prepared to say that it was not from November until March?

Mr. STEELE. No; I am not prepared to say.

893* Mr. GREEN. Is it not a fact that on your system the uniform rule is to give precedence in shipment to all classes of freight, such as cotton and merchandise to staves, lumber, and that class of traffic?

Mr. STEELE. I think the rule of all roads is to give the most perishable freight and freight that is most dangerous to keep the preference.

Mr. GREEN. What percentage of flat cars—and by that I mean flat cars, and not open or gons—is there in the equipment of the New Orleans & Northeastern road?

Mr. STEELE. I have not got those figures. Our auditor will be on the stand after me, and I think the annual reports will show that.

Com'r PROUTY. The annual report to the Interstate Commerce Commission, if properly made out, shows all those facts.

Mr. GREEN. I think that is all I desire to ask Mr. Steele.

Mr. BAXTER. How many mills on the V., S. & P. do you allow tap-line divisions?

Mr. STEELE. One.

Mr. BAXTER. What is the length of that logging road that belongs to that mill?

894* Mr. STEELE. Something over 20 miles long.

Mr. BAXTER. Is not the V., S. & P. located entirely west of the Mississippi River?

Mr. STEELE. Yes, sir.

Mr. BAXTER. What are the termini of that road?

Mr. STEELE. Delta on the west bank of the Mississippi River, and Shreveport.

Mr. BAXTER. Where is Delta—opposite Vicksburg?

Mr. STEELE. Opposite Vicksburg.

Mr BAXTER. That is all.

Mr. MILLER. I want to ask you one thing, Mr. Steele. You are aware that tap-line divisions were in effect on the New Orleans & Northeastern at one time?

Mr. STEELE. Yes, sir; at several times.

Mr. MILLER. Are you aware of what influence was brought to bear to take them out?

Mr. STEELE. The question came up repeatedly. I do not know that I can give you all the facts. I have a memorandum here showing when tap lines were put in and when taken out several times. Each time they were put in there was more or less correspondence and objection from lines that did not allow the tap-line proportion.

895* Mr. MILLER. What was the objection based on. Do you recall?

Mr. STEELE. They stated that they did not think the tap-line proportion should be allowed; some of them thought it would be better to reduce the rate. The tap-line proportions were made effective and withdrawn on the following dates: Made effective June 28, 1897, withdrawn March 1, 1898; put in again April 15, 1898, withdrawn June 1, 1899; put in again November 15, 1900, withdrawn October 1, 1901.

Mr. MILLER. Now, the situation of the lumbermen on your line was substantially similar to that of those on the Illinois Central, was it not, in respect to logging allowances, etc.?

Mr. STEELE. That is my general information.

Mr. MILLER. Now, was it not the Illinois Central mainly that made the fight against that practice on your line?

Mr. STEELE. The Illinois Central was not the only line that objected to the tap-line proportion.

Mr. MILLER. Did they make a threat to put in a rate on their line equal to your rate, less the tap line?

896* Mr. STEELE. No, it was not a threat, unless you construe this as a threat: They said they did not see how it would be possible for them to stand the pressure from their mills not to reduce their rates.

Mr. MILLER. Did you understand from that that their mills were clamoring for a reduction or a similar allowance, circumstances and conditions being the same?

Mr. STEELE. I do not know.

Mr. GREEN. What would it cost per mile to reproduce the New Orleans & Northeastern road in its present form as to roadbed and equipment?

Mr. STEELE. Our auditor will take the stand after me, and is prepared on that.

Mr. GREEN. I thought you had experience in the engineering line?

Mr. STEELE. No, sir.

Mr. GREEN. That is all.

The witness was excused.

897* L. A. JONES, a witness on behalf of the defendants, having been duly sworn, testified as follows:

Mr. BAXTER. Mr. Jones, you are the auditor of the New Orleans & Northeastern Railroad Company, and also of the Alabama & Vicksburg Railroad Company, are you not?

Mr. JONES. I am.

Mr. BAXTER. How long have you held that position?

Mr. JONES. I have been auditor for something over eight years.

Mr. BAXTER. Prior to that time, what position did you hold?

Mr. JONES. I was assistant comptroller from January, 1890.

Mr. BAXTER. Assistant comptroller of the same roads?

Mr. JONES. Yes, sir.

Mr. BAXTER. Have you charge of the accounts of the two companies mentioned?

Mr. JONES. I have.

Mr. BAXTER. Do those accounts show the earnings, expenses, and financial transactions of the said companies?

898* Mr. JONES. They do.

Mr. BAXTER. I wish you would state whether the cost of operation of the New Orleans & Northeastern Railroad Company has increased or diminished during the last few years with respect to labor, lumber, steel rails, and other material.

Mr. JONES. It increased very largely in all those respects, and in many others.

Mr. BAXTER. Take up the total wages paid by the New Orleans & Northeastern Railroad for the last 5 years and state what they were for each year and the percentage of increase over 1899.

Mr. JONES. The wages in 1899 were $648,000.00—I will give round figures—in 1900, $711,000, an increase of 9.66 per cent; in 1901, $767,000, an increase over the first year of 18.21 per cent; in 1902, $819,000, an increase over 1899 of 26.23; in 1903, $904,989, an increase over the first year of 39.47 per cent.

Mr. BAXTER. Has the pay of engineers and firemen increased very substantially since July 1, 1898; if so, what increases have been made in their wages?

Mr. JONES. Wages of all classes of employees have increased.

899* The rate of pay of engineers and firemen increased December 1, 1898, about 5 per cent; November 1, 1901, 5 per cent; March 1, 1903, about 5 per cent. Those are averages.

Mr. BAXTER. How is it as to wages of trainmen of that road?

Mr. JONES. December 1, 1898, they increased 5 per cent; November 1, 1901, 5 per cent; November 1, 1902, 5 per cent.

Mr. BAXTER. What increases were made in the wages of switchmen?

Mr. JONES. They were increased December 1, 1898, 5 per cent; November 1, 1902, 5 per cent; September 1, 1903, 6 per cent.

Mr. BAXTER. And the wages of shopmen?

Mr. JONES. They were increased July 1, 1901, 5 per cent; August 1, 1902, 3 per cent; September 19, 1903, 7 per cent.

Mr. BAXTER. Wages of brakemen?

Mr. JONES. They were increased November 1, 1901, 11 per cent.

Mr. BAXTER. Station labor at New Orleans?

Mr. JONES. Increased November 1, 1902, 7 per cent, and November 7, 1903, 9 per cent.

Mr. BAXTER. Now, with reference to the wages of men not
900* classified as you classified those.

Mr. JONES. Practically every man on the road has been increased at different times—the unclassified men in different localities. Agents, operators, wipers, car cleaners—practically all classes.

Mr. BAXTER. The price of lumber, has that increased or diminished since 1898?

Mr. JONES. The price of lumber has increased considerably.

Mr. BAXTER. Have you a statement showing those increases? If so, you can file it as an exhibit.

Mr. JONES. Yes, sir; I have a statement showing the prices under the same specifications and at the same mills for March, 1898, March, 1899, March, 1900, March, 1901, March, 1902, and March and November, 1903.

Mr. BAXTER. Take stringers 8 by 16 by 30, what was the increase from March, 1898 to 1903?

Mr. JONES. From $10.50 to $15.

Mr. BAXTER. And guide rails?

Mr. JONES. From $9 to $12.

Mr. BAXTER. Bridge ties?

Mr. JONES. From $9.50 to $11.50.

901* Mr. BAXTER. How has the average price per thousand feet in yellow-pine lumber used in the roadway department of that company been—has it increased or diminished?

Mr. JONES. That has increased all through the years. In 1899 the average price of all the pine lumber used in the roadway, including track, bridges, and building, has increased from $9.25 to $10.21 in 1900; $10.01 in 1901; $10.11 in 1902, and $11.79 in 1903.

Mr. BAXTER. Have you an exhibit showing those?

Mr. JONES. I have an exhibit, which I will file.

(The paper referred to, showing increases in wages of employees and the paper showing cost of lumber from March, 1898, to March, 1903, are hereto annexed and marked "Exhibits Nos. 1 & 2 to Mr. Jones' testimony.")

Mr. BAXTER. Take fuel and state whether that has increased during the same period.

Mr. JONES. The price of fuel for the last 5 years has been in 1899, $1.37; in 1900, $1.63; in 1901, $1.78; in 1902, $1.76; in 1903, $1.96.

Mr. BAXTER. Have you an exhibit showing those facts and the percentages?

Mr. JONES. I have.

902* Mr. BAXTER. Will you file them?

Mr. JONES. I will.

(The same are hereto annexed and marked "Exhibit No. 3 to Mr. Jones' testimony.")

Mr. BAXTER. Take steel rails at the same time.

Mr. JONES. The cost of steel rails for those five years was $20.75, $20.53, $31.12, $29.97, $31.82.

Mr. BAXTER. Have you an exhibit showing those facts, and also the percentage of increase?

Mr. JONES. I have such an exhibit, which I will file.

(The same is hereto annexed and marked "Exhibit No. 4 to Mr. Jones' testimony.")

Mr. BAXTER. Take the cost of locomotives for the same period.

Mr. JONES. The N. O. & N. E. has only purchased engines in the switching class which will enable me to make a comparison, but we have purchased switching engines in each of the years 1900, 1901, 1902, and 1903. Those engines are duplicates of each other. The cost was $9,420, $9,500, $10,000, $10,400.

Mr. BAXTER. Have you an exhibit showing those facts?

Mr. JONES. Yes, sir: I will file it.

903* (The same is hereto annexed and marked "Exhibit No. 5 to Mr. Jones' testimony.")

Mr. BAXTER. Take box cars of 50,000 pounds capacity.

Mr. JONES. Our box cars during these years have all been 60,000-pound cars, and have cost $485, $571, $615, $612, $630.

Mr. BAXTER. Have you an exhibit showing those facts?

Mr. JONES. I have an exhibit showing that and the percentage of increase.

Mr. BAXTER. File that. Now, take 60,000-pound capacity flat cars.

Mr. JONES. Our 60,000-pound capacity flat cars cost $354, $507, $537, $497, $518.

Mr. BAXTER. On 60,000-pound capacity coal cars what changes were there in price?

Mr. JONES. The price of 60,000-pound capacity coal cars was, in 1899, $369; in 1901, $536; in 1902, $528, and in 1903, $557. We built no cars in 1900. I have an exhibit of that, which I will also file.

(The same is hereto annexed and marked "Exhibit No. 6 to Mr. Jones' testimony.")

Mr. BAXTER. Now, take the Alabama & Vicksburg, as to the

904* cost of operation of that road the last two years.

Mr. JONES. The cost of operation on the Alabama & Vicksburg has increased the same way and along the same lines as the New Orleans & Northeastern.

Mr. BAXTER. Have you an exhibit showing the increase in wages during those years, and the percentage of increase from 1899?

Mr. JONES. I have.

Mr. BAXTER. If you have that in a statement as an exhibit, and can file it, we will save time.

Mr. JONES. I can file the same exhibits as to wages and dates of increase of wages, price of lumber, and average cost of lumber per thousand feet used in track and roadway, price of fuel per ton, price of steel rails, price of locomotives of equal capacity, and price of 60,000-pound capacity box and flat cars, as I have filed in reference to the New Orleans & Northeastern.

Mr. BAXTER. Please file those.

(The same are hereto annexed and marked "Exhibits Nos. 7, 8, 9, 10, 11, and 12 to Mr. Jones' testimony.")

Mr. BAXTER. During the last 11 years what have the total sur-

905* plus earnings of the New Orleans & Northeastern amounted to over operating expenses, taxes, and bond interest?

Mr. JONES. The total surplus of the N. O. & N. E. over operating expenses, taxes, and bond interest for the 11 years ending June 30, 1903, was $176,953, or an average of $16,086 per annum.

Mr. BAXTER. No deductions for dividends there?

Mr. JONES. No, sir.

Mr. BAXTER. Have you had any difficulty in providing for your bond interest?

Mr. JONES. We were obliged for a time to defer the payment of bond interest in order to cover necessary expenses.

Mr. BAXTER. Were you at any time compelled to defer expenses that would have otherwise been incurred on account of lack of funds?

Mr. JONES. Yes, sir.

Mr. BAXTER. Have you paid any dividends?

Mr. JONES. We have never paid any dividends since the New Orleans & Northeastern was built until the present year, when we paid 3 per cent.

Mr. BAXTER. How is that with reference to the Alabama & Vicksburg?

906* Mr. JONES. Well, for many years we did not pay dividends on the A. & V. During the last 7 or 8 years—I can not say, but the accounts filed with the Commission will show we have paid dividends on the A. & V., but we have paid dividends on the reorganized property. The Alabama & Vicksburg was reorganized out of the old Vicksburg & Meridian, which was sold at a receiver's sale in 1889 and was capitalized at a very low figure. On that the dividends began with 3 per cent and worked up to 5 and 6.

Mr. BAXTER. Have they ever exceeded 6?

Mr. JONES. No; they have not. During the last year, however, we paid two dividends, a dividend of 6 per cent and a 3 per cent extra dividend, which we consider as applying in the bad years.

Mr. BAXTER. Now, the operating expenses of your companies; have they been kept as low as you could keep them and maintain proper service for the public?

Mr. JONES. They have.

Mr. BAXTER. State whether those expenditures have been honestly made and economically made, so far as you know.

907* Mr. JONES. They have been honestly made and the property has been handled as economically as possible. Perhaps the best evidence of that is that we have never been able to pay our stockholders a cent until this year.

Mr. BAXTER. You mean the New Orleans & Northeastern?

Mr. JONES. Yes, sir.

Mr. BAXTER. How is that as to the Alabama & Vicksburg?

Mr. JONES. The same conditions. We have operated as economically as possible, and I will say that within the last 5 years the holders of the majority of the stock of the A. & V. have received a small fraction over 3 per cent on the amount which they invested in the property.

Mr. BAXTER. For how many years?

Mr. JONES. The last 5 years, which have been the most favorable in the history of the road.

Mr. BAXTER. And nothing before that time?

Mr. JONES. I think in 1892 and 1893 they received about 1½ per cent. Then they received nothing for a few years. Prior to 1892 they received nothing. They acquired the property in 1881.

Mr. BAXTER. From 1881 to the present time, what would the dividends which have been received by the stockholders of the A. & V. amount to on an average?

Mr. JONES. Less than 2 per cent. I could not say exactly how much.

908* Mr. BAXTER. You have given in your testimony certain exhibits showing cost of locomotives and cars. Does that cost relate to engines of the same tractive power and cars of the same capacity?

Mr. JONES. Yes, sir; in each case.

Mr. BAXTER. Then they would show the increased cost not only of the locomotive itself but the increased cost of the capacity?

Mr. JONES. Yes, sir.

Mr. BAXTER. The same would be true with reference to the cars?

Mr. JONES. The same would be true with reference to the cars.

Mr. BAXTER. I wish you would make out and file a statement, addressing it to the secretary of the Interstate Commerce Commission, in this case, giving the following statistics for the years 1890 to 1903, inclusive, for the New Orleans & Northeastern Railroad and the Alabama & Vicksburg Railroad. I think you can get them all from your annual report that you file with the Interstate Commerce Commission, and I would like this statement made up for con-

909* venience: 1, Gross earnings; 2, operating expenses; 3, net income from operation; 4, net income from all sources; 5, interest on funded debt; 6, rentals of leased lines; 7, taxes; 8, dividends; 9, surplus; 10, number of miles operated; 11, amount expended in permanent improvements and betterments charged to operating expenses; 12, amount expended in permanent improvements and betterments charged to construction account or any account other than operating expenses; 13, amount set aside out of earnings for permanent improvements, but not yet expended; 14, overcharges or other repayments made to shippers; 15, funded debt per mile of road; 16, capital stock per mile of road; and 17, total capitalization per mile of road. Will you make that statement?

Mr. JONES. Yes, sir.

Mr. BAXTER. In reference to the item "overcharges or other repayments" made to shippers, state whether they have been secret rebates or whether they have been overcharges made in error.

Mr. JONES. Yes, sir.

Mr. BAXTER. One of the witnesses here said something about the New Orleans & Northeastern Railroad not being properly

910* represented in its accounts in reference to cost of construction— I do not remember exactly what it was. If you have anything to say on that please state it.

Mr. JONES. I will say that the cost of the New Orleans & Northeastern road as shown by the books is correct, and shows the amount of money expended for the property. The cost of the property to June 30 last was $13,959,585.24. The stock aggregates six million dollars and the bonds $8,180,000.

Com'r PROUTY. How long since this road was built?

Mr. JONES. There was some little desultory work done in 1871, but the real work of construction began in 1881, and the road was opened in October, 1883.

Com'r PROUTY. Was the road constructed by the corporation itself, or a construction company.

Mr. JONES. A construction company.

Com'r PROUTY. Was the construction company paid in stock and bonds?

Mr. JONES. In stock and bonds.

Com'r PROUTY. Do you know how much per mile the stock and bonds aggregate?

Mr. JONES. Well, there are practically 196 miles and the
911* stock and bonds paid were ten million dollars, making about fifty thousand dollars a mile. Perhaps I ought to explain that the New Orlean & Northeastern road is unusually expensive from the fact that there are now 6 miles of creosoted trestle across Lake Ponchartrain. There were 17 miles of trestle, beginning 3 miles north of Lake Ponchartrain and running 4 miles south through the original marsh, which has now been filled into solid roadbed. It crosses also quite a number of streams which have a very uneven amount of water—that is, in the spring and during the rainy season they carry a large volume of water and at other seasons they are practically dry. That makes a great deal of trestle bridging and in that way, together with the time in which it was built, it was very expensive property; but I think it would be equally expensive to build to-day.

Mr. MILLER. Did I understand you to say that the New Orleans & Northeastern paid a dividend in 1903?

Mr. JONES. Out of the earnings of 1903; yes, sir.

Mr. MILLER. Up to what date did that statement come on which the earnings are predicated?

Mr. JONES. June 30th.

Mr. MILLER. This lumber rate was not in effect until April 15th, was it?

912* Mr. JONES. No, sir; I think not. I do not remember the exact date, but it was this spring.

Mr. MILLER. Do you know what proportion of all the traffic of the New Orleans & Northeastern consists of lumber?

Mr. JONES. About 40 per cent.

Mr. MILLER. Where do the cars come from usually that are used for that traffic? You have a very inadequate supply of cars of your own, have you not?

Mr. JONES. Well, we have a supply of cars that is considerably above the average car supply of the United States, and if we were able to confine those cars to our own lines we would have quite sufficient, but from the fact that we originate so much tonnage that goes beyond our line and cannot control the return of them, we cannot furnish cars promptly.

Mr. MILLER. Do you know what the proportion of one-way cars is used in the lumber traffic?

Mr. JONES. I do not.

Mr. MILLER. As a matter of fact, these coal cars—gondolas—that come over your line usually bring coal to this market? In other words, don't you handle a large amount of coal over your line?

913* Mr. JONES. We handle considerable coal, but the cars used in the coal traffic are not used in the lumber traffic. When they come south with coal they have to go back to the mines.

Mr. MILLER. They are not used then?

Mr. JONES. Certainly; we would exhaust our line supply at once.

Mr. MILLER. Where do the coal cars come from that are used, if any are used on the Northeastern?

Mr. JONES. They are assigned to the lumber traffic.

Mr. MILLER. How do the increases in net revenue of the New Orleans & Northeastern range, going back from 1903, inclusive?

Mr. JONES. How do the increases in net revenue range?

Mr. MILLER. Yes, sir. I am talking about the absolute increase. You had a greater increase in 1903 than in 1902?

Mr. JONES. We did.

Mr. MILLER. How great was it?

Mr. JONES. In 1903, $253,000; in 1902, $193,000; in 1901, $90,000; in 1900, $139,000; in 1899, $11,000. It is only fair to say that back of that they are all deficits. That, you understand, does not
914* provide anything for the stockholders. The stockholders have never received anything.

Mr. MILLER. Until this year?

Mr. JONES. Yes, sir; they have received 3 per cent in 20 years.

Mr. MILLER. This last year there was a net revenue sufficient to pay 6 per cent, was there not?

Mr. JONES. No, sir.

Mr. MILLER. What was it?

Mr. JONES. 3 per cent.

Mr. MILLER. You did pay 6?

Mr. JONES. No, we did not.

Mr. MILLER. I thought you said so.

Mr. JONES. We would not have the money to pay 6.

Mr. BAXTER. You are speaking of what road?

Mr. JONES. The Northeastern.

Mr. MILLER. It is a fact, as shown by your report, that the increase in net earnings has been contemporaneous with the increase in operation due to increase in wages and the cost of supplies. Is not that a fact?

Mr. JONES. There has been an increase in net earnings but
915* not a relative increase.

Mr. MILLER. I understand that. I mean the absolute.

Mr. JONES. Yes, sir; there has been.

Mr. MILLER. Is not that due as well to the increased efficiency of your equipment as to the increase in volume of traffic?

Mr. JONES. I should say, in a very small degree. Because, as I explained, we have to rely for the most part on other lines for car supply. Of course we get the benefit of what additional equipment we have.

Mr. MILLER. You spoke awhile ago of the increase in the cost of cars. How did you procure your latest supply of cars from the car works; or did you have them made yourself?

Mr. JONES. On the Northeastern we have built our cars. We were able to build them cheaper than we could buy them.

Mr. MILLER. Is that increase due to the increased price of lumber or to the increase in wages and other supplies that go into the cars?

Mr. JONES. It is due to a general increase of wages and material.

Mr. MILLER. Have you produced a comparative statement here of lumber prices?

916* Mr. JONES. Yes, sir.

Mr. MILLER. You have filed that?

Mr. JONES. Yes, sir.

Mr. MILLER. Where did you get that?

Mr. JONES. What I paid—from our invoices.

Mr. MILLER. How did 1903 compare with 1902 on that lumber?

Mr. JONES. I gave two lists, one of which showed the cost on particular classes, and the other gave the average price of all the lumber as used. Which do you refer to?

Mr. MILLER. Well, both.

Mr. JONES. The price in 1903 for stringers was $15, the same as in 1902; guide rails, $12 in 1903 as against $11 the previous year; bridge ties, $11.50 each year.

Mr. MILLER. The increase is only in the item of guide rails.

Mr. JONES. Of those three; yes, sir. Now, the average of all lumber used, the price advanced from $10.11 to $11.79.

Mr. BAXTER. Between what years?

Mr. JONES. 1902 and 1903.

Mr. MILLER. Do you know where that lumber was bought?

Mr. JONES. Along the line of the N. O. & N. E.

917* Mr. MILLER. Do you remember the individual mills?

Mr. JONES. We buy from quite a number of mills. The prices were taken from—I forget the name of the mill.

Mr. MILLER. Are you familiar with the tariffs on your line?

Mr. JONES. No, sir

Mr. MILLER. Are you prepared to say what it would cost now to duplicate the New Orleans & Northeastern Railroad from New Orleans to Meridian?

Mr. JONES. Well, that would be a very difficult question under any circumstances. I do not think the Northeastern road could be built to its present standard for less than its present book cost.

Mr. MILLER. Do you think that book cost shows the actual cost?

Mr. JONES. I do.

Mr. MILLER. What about that arrangement made with the construction company as to the building of this road originally? They were paid so much in bonds and so much in stock of the company?

Mr. JONES. Yes, sir.

Mr. MILLER. Was not one or the other a bonus on the
918* contract price?

Mr. JONES. No, sir.

Mr. MILLER. The contract was not to build for so much money, but an absolute agreement to give so much bonds and stock?

Mr. JONES. They were to build for an amount of stock and bonds.

Mr. MILLER. Do you know what relation there was between the construction company and the railroad company as to the personnel?

Mr. JONES. The contractors have retained their stock and bonds. They are practically the owners of the road.

Mr. MILLER. They did not attempt to raise the money by floating bonds or selling stock, but simply took the stock and bonds and took chances on disposing of them?

Mr. JONES. They built it for themselves.

Mr. MILLER. Who were they?

Mr. JONES. The Alabama, New Orleans, Texas & Pacific Junction Railway Company.

Mr. MILLER. Is that the Erlanger party?

Mr. JONES. No; it is not the Erlanger syndicate. It is a company in which, I think, the Erlanger syndicate were
919* interested, but it is a distinct company.

Mr. MILLER. Are you prepared to say whether or not the New Orleans & Northeastern Railway Company, its management, was fairly well satisfied with the rate of progress it was making in the year 1902—absolutely and not relatively.

Mr. JONES. No; I can not say about that.

Mr. MILLER. Do you know whether or not certain offers were made by one or two strong corporations desiring to obtain control of the New Orleans & Northeastern Railroad, very flattering to the owners of the latter, which were turned down on account of the then present and prospective earnings of the New Orleans & Northeastern?

Mr. JONES. I have never heard of any such offers.

Mr. MILLER. That has been referred to in the papers, has it not?

Mr. JONES. Yes, sir; but it usually comes from a well-informed railroad gentleman, or something of that character.

Mr. MILLER. You do not know that your present president went over to Europe and made such representations about the condition of the road to the owners as satisfied them it would be by all means better to retain it?

Mr. JONES. I do not know it, but I believe the contrary
920* to be the fact.

Mr. MILLER. You do not know of any attempt of the Southern to obtain control of it?

Mr. JONES. I do not.

Mr. GREEN. With the New Orleans & Northeastern road organized by this company which you say was a construction company?

Mr. JONES. No, sir; the New Orleans & Northeastern Railroad Company was organized some ten years prior——

Mr. GREEN. I mean when it became an effective going concern in 1881?

Mr. JONES. They acquired the franchise——

Mr. GREEN. They acquired the franchise and made a contract with themselves as a construction company to build it, did they not?

Mr. JONES. I presume, if you put it that way; yes, sir.

Mr. GREEN. Could you tell us what the market value of the New Orleans & Northeastern Railroad Company's stock was in 1881, when this contract was made?

Mr. JONES. Of the new company?

Mr. GREEN. The Northeastern Railroad Company's stock.

Mr. JONES. No; no stock can be issued in the State of
921* Louisiana for less than par.

Mr. GREEN. I mean what the market value was?

Mr. JONES. I have no idea. I have no knowledge of conditions at that time.

Mr. GREEN. The New Orleans & Northeastern road, with the exception of the bridge of which you have spoken, traverses a comparatively level country—the pine-woods country of south Mississippi—does it not?

Mr. JONES. I have not the grades in mind. There are portions through the Forsburg Hills that are rather difficult, and there is a great deal of it that is low.

Mr. GREEN. It is the average rolling country that lies contiguous to the coast in the State of Mississippi, is it not?

Mr. JONES. Well, it is the usual country of southern Mississippi. I would say, however, that the line runs at right angles to the water course.

Mr. GREEN. There are no important water courses, are there—the Pearl River is a very small stream?

Mr. JONES. Well, it is 4 miles wide at times.

Mr. GREEN. Yes, at times; is your bridge there 4 miles long?

922* Mr. JONES. That is difficult to say.

Mr. GREEN. It is just about like it is at the Alabama & Vicksburg crossing at Jackson, is it not?

Mr. JONES. We have two bridges with long approaches, and we have some 5 or 6 long trestles in the four miles for water to escape.

Mr. GREEN. This is ordinary wood construction for the bridges of this railroad, is it not?

Mr. JONES. It is creosoted pile trestling at Pontchartrain and pile trestling at other points, except the iron bridges. There are 6 or 8 or 10 iron bridges.

Mr. GREEN. They are small affairs, are they not?

Mr. JONES. Well, I will give you the figures. There are 2,565 feet of iron bridges and 57,986 feet of wooden bridges and trestles; in all, 11.47 miles.

Mr. GREEN. Now, such a railroad as that, traversing such a country as that, do we understand you to say, would be valued on a fair cash basis at fifty thousand dollars per mile to-day?

Mr. JONES. I do not say that.

Mr. GREEN. Give us the present cash value of that road and its equipment to-day.

923* Mr. JONES. I do not know how to get the cash value of a railroad.

Mr. GREEN. Well, what is your best judgment as to it? You have been in the railway service a long time and are familiar with this class of property. Give us the best judgment you can exercise in regard to it.

Mr. JONES. I would not attempt to give the value of the railroad property. Cost is a different thing from value.

Mr. GREEN. That is exactly the distinction I am drawing. You have produced what your books show as to its cost. What we want to know is its value.

Mr. JONES. The value would depend on so many elements that it would be impossible for me to give it. It would be a mere hazard, and my experience would not enable me to value railroad properties. I would not presume to give it.

Mr. GREEN. In making up the assessment of the New Orleans & Northeastern for taxation in Mississippi you give it at so much per mile?

Mr. JONES. Yes, sir; I adopted the value fixed by the Commission the previous year.

Mr. GREEN. You made those returns?

Mr. JONES. Yes, sir.

924* Mr. GREEN. Will you tell the Commission what value you returned to the Mississippi commission as being the value per mile of this road and its equipment?

Mr. JONES. The value for the equipment is rendered separately, and I do not remember that, but the value of the road was returned at ten thousand dollars per mile, which was the value fixed by them the previous year.

Mr. GREEN. That was your own sworn return, was it not?

Mr. JONES. It was.

Mr. GREEN. Now, Mr. Jones, did not that ten thousand dollars per mile, which was your sworn valuation of this railroad, include its equipment and all classes of property?

Mr. JONES. No, sir. It may have included the equipment, but does not include all classes of property.

Mr. GREEN. It includes equipment, does it not?

Mr. JONES. I rather think it does.

Mr. GREEN. And only stations and outlying lands are not embraced?

Mr. JONES. Stations and buildings and improvements.

Mr. GREEN. Do you recollect what the sworn valuation of the Alabama & Vicksburg Railroad Company is to the Mississippi commission per mile?

925* Mr. JONES. Just as they fixed it the previous year—nine thousand dollars.

Mr. GREEN. You returned it under oath?

Mr. JONES. I do not think I made the return, but it was made by the officers.

Mr. GREEN. The law requires you to return it at the actual value of the property, does it not?

Mr. JONES. Yes, sir.

Mr. GREEN. Returning to this property, would you not say that when in stock and bonds you put $14,222,000 on a road of 195.52 miles long, or an average amount per mile of line of stock and bonds of $72,691, that the road was bonded and stocked considerably in excess of its actual value?

Mr. JONES. I think that value and cost are entirely different terms as regards railroads, and that it would be impossible to state what the value was. Value depends on the price you can get if you want to sell, or the income you can make if you want to hold. Now, the income on the N. O. & N. E. stock has been practically nothing, and the income on the bonds has been as provided in the bonds, but

926* in many cases long years after it was earned.

Com'r PROUTY. What is the market value of those bonds?

Mr. JONES. There has been no market value. They are all held by one party, who has not got them in the market.

Mr. GREEN. What is the marget value of the Alabama & Vicksburg Railway bonds.

Mr. JONES. I do not know. I bought a few of them, but there are none in the market to speak of.

Mr. GREEN. Now, you made up the annual report of the New Orleans & Northeastern Railroad as auditor for the fiscal year 1902–03, did you not?

Mr. JONES. Yes, sir.

Mr. GREEN. We have here a certified copy of portions of that report to the Mississippi railroad commission, which show, as I have stated, that the stock and bonds were $14,222,000, or on a basis of $72,691. That was your statement when you made it. That is correct, is it?

Mr. JONES. If that is a copy, I suppose it is a correct statement.

Mr. GREEN. We file that as an exhibit to your testimony.

(The same is hereto annexed and marked "Exhibit No. 13 to Mr. Jones' testimony.")

(Exhibit No. 13 above referred to is omitted in printing for the reason that it contains certain certified statements by the Mississippi railroad commission, which relate to data embraced in annual reports of the New Orleans & Northeastern Railroad to the Interstate Commerce Commission, which matters under stipulation of counsel of July 14, 1905, may be referred to by either party on the hearing of this cause.)

927* Mr. GREEN. I will also offer the 14th Annual Report of the Alabama & Vicksburg Railway Company for the year ended June 30, 1903, and the 19th Annual Report of the New Orleans & Northeastern Railroad Company for the year ended June 30, 1903.

(The same are hereto annexed and marked "Exhibits Nos. 14 and 15 to Mr. Jones' testimony."

(Exhibits Nos. 14 and 15 to Mr. Jones' testimony above referred to, being the 14th Annual Report of the Alabama & Vicksburg Railway and the 19th Annual Report of the New Orleans & Northeastern Railroad, are omitted in printing for the reason that the material matters therein contained are officially reported to the Interstate Commerce Commission, and under stipulation of counsel of date July 14, 1905, may be referred to by either party on the hearing of this cause.)

Mr. GREEN. In keeping books for railroads in the construction account, how is that done? Do you start out with the initial cost of construction and keep adding to the construction account everything that is expended in construction thereafter?

Mr. JONES. That is the usual course.

Mr. GREEN. Is anything charged off for depreciation?

Com'r PROUTY. Ask if anything has been in this case.

Mr. GREEN. Yes, sir.

Mr. JONES. Has anything been charged off from the cost of the road to depreciation?

Mr. GREEN. Yes, sir.

Mr. JONES. No, sir.

Mr. GREEN. Has anything been credited to the construction account for relaying new rails?

928* Mr. JONES. No, sir.

Mr. GREEN. Nor for the sale of the old rails taken up?

Mr. JONES. No, sir.

Mr. GREEN. It is a fact you have taken up the initial rails and replaced them, have you not?

Mr. JONES. Yes, sir.

Mr. GREEN. And it is a fact that you sold those old rails for more than they cost?

Mr. JONES. No, sir.

Mr. GREEN. What proportion did the price bear to the initial cost?

Mr. JONES. Considerably less. I could not say exactly what. I know it was less.

Mr. GREEN. Do you recollect how much less?

Mr. JONES. No, sir.

Mr. GREEN. Can you state it roughly?

Mr. JONES. No, sir.

Mr. GREEN. What did Joseph Brothers of Cincinnati pay you for relaying rails?

Mr. JONES. I can not state that except that we have sold relaying rails all the way up from—well, I do not know. I would have
929* to give you the figures on that. We are selling rails now, I think, at about $28 or $29.

Mr. GREEN. About how many tons were there of these rails that were sold?

Mr. JONES (referring to papers). We sold rails during the relaying period for sixteen, eighteen, twenty, twenty-two, twenty-four, twenty-six, and twenty-eight dollars.

Mr. GREEN. How many tons were there thus sold?

Mr. JONES. There were 200 miles at 100 tons to the mile—20,000 tons less what we used in side tracks. I could not say what we used in side tracks, but we built a good many miles during that time.

Mr. GREEN. When the road was originally constructed, these bridges constructed recently of iron were originally constructed of wood?

Mr. JONES. No, sir; iron.

Mr. GREEN. What items do you charge to the construction account?

Mr. JONES. For many years we have not charged anything to the construction account, but within the last year or two we have charged such items as some of the rolling stock and terminal property at New Orleans—lands purchased or buildings erected.

930* Mr. GREEN. What was the capital stock of the V. S. & P.——

Com'r PROUTY. That road seems to be very little interested here.

Mr. GREEN. When was the money earned by the A. & V. out of which the dividends of 1903 of 6 and 3 per cent were paid?

Mr. JONES. As to the 6 per cent, it was earned during the year. As to the 3 per cent—you understand we credit the net surplus to net revenue account and there was sufficient in that account to justify an extra dividend and it was paid. I can not say as to what exact period it was earned in.

Mr. GREEN. Is it not a fact that during the year 1902–03 the A. & V. Railway had attained a greater degree of revenue and operating efficiency than it ever had in its history?

Mr. JONES. I should think so. There has never been a very great degree of operating efficiency on the A. & V. It is not considered a first-class road.

Mr. GREEN. Has it not developed into a first-class road the last few years.

Mr. JONES. It is not so classified by the Commission.

931* Mr. GREEN. Is it not a fact?

Mr. JONES. No.

Mr. GREEN. It now runs three double daily trains, does it not?

Mr. JONES. Yes, sir.

Mr. GREEN. And up to 6 months ago it never ran but two, and for several years before that it would only run two a part of the year and only one a part of the year, did it not?

Mr. JONES. The A. & V. has always operated both freight and passenger trains as it could find business. There has been lately quite an increase in the passenger business caused by the opening of the Texas route, and that has enabled us to give a third train to the public.

Com'r PROUTY. I do not think you had better spend much time on that. It cuts a small figure.

Mr. GREEN. That is all.

Com'r PROUTY. Did you say the amount of bonds and stock issued by the Northeastern road was fifty thousand dollars per mile?

Mr. JONES. Five millions of stock and five millions of bonds and 196 miles of road.

932* Com'r PROUTY. Have you the last five years increased your bonded indebtedness?

Mr. JONES. Yes, sir.

Com'r PROUTY. Where do you get your coal that you burn on the road?

Mr. JONES. The Alabama mines are our regular source of supply.

Com'r PROUTY. Do your own rails reach those mines?

Mr. JONES. No, sir.

Com'r PROUTY. Is any freight carried into the cost of your fuel?

Mr. JONES. Freight to Meridian, up to our line; yes, sir.

Com'r PROUTY. How has the freight paid the last two years on that coal compared with the cost in 1898?

Mr. JONES. I do not think it has changed, except as we changed from one mine to another. I think from the mines the rates have not changed.

Com'r PROUTY. You make certain returns to the Interstate Commerce Commission, certain financial returns?

Mr. JONES. Yes, sir.

Com'r PROUTY. Do you keep your accounts in the method prescribed by the statistician of the Commission?

933* Mr. JONES. Almost entirely. Ther are one or two trifling changes.

Com'r PROUTY. That is all.

Mr. BAXTER. You spoke of relaying the New Orleans & Northeastern recently with new rails?

Mr. JONES. Yes, sir.

Mr. BAXTER. Now, the amount you paid for relaying those rails, was that added to your previous construction account?

Mr. JONES. No, sir.

Mr. BAXTER. What did you add to your previous construction account?

Mr. JONES. Nothing. We relaid them as repairs. We had to relay them. The first rails were worn out.

Mr. BAXTER. The price for which you sold the old rails—to what account did you credit them?

Mr. JONES. We credited the price of the old rails to the cost of relaying—that is, the cost of relaying was the difference between the cost of the new rails and the amount received or value of the old rails when taken out of the track, plus the labor charge.

Mr. BAXTER. Then you only charged to operating expenses the difference between the cost of the new rails——

934* Mr. JONES. I will explain that this way: If our new rails cost us $31 a ton on the work, and we sold the old rails at $28 a ton, the cost of relaying was charged with the three dollars plus the extra weight.

Mr. MILLER. You do not mean to convey the idea to the Commission that if the bond issue of this road and its stock issue had been converted into cash at par it would have taken all that money to have built that road, do you?

Mr. JONES. I can not say; but these people wanted the property; they wanted it for themselves.

Com'r PROUTY. He seems to have stated about all he can on that subject.

Mr. MILLER. Is it not a fact that the New Orleans & Northeastern Railroad has been ballasted within a recent period?

Mr. JONES. It has been somewhat improved in that respect. It has a sandy, gravel ballast instead of earth ballast. It has no permanent ballast.

Mr. MILLER. Was that charged to operating expenses?

Mr. JONES. Yes, sir.

Mr. MILLER. Do you recollect what that amounted to?

Mr. JONES. No, sir.

935* Mr. MILLER. That is all.

The witness was excused.

Mr. BAXTER. That is all the testimony defendants desire to offer here. We will probably have one or two witnesses at Washington.

Com'r PROUTY. What other lines desire to put in testimony?

Mr. CHAFF. Your honor, Mr. Bowers would take the stand to-day on behalf of the Gulf & Ship Island Railroad Company, but is ill and confined to his bed. I ask that he be allowed to testify at Washington.

Com'r PROUTY. Are there any other witnesses for the Illinois Central?

Mr. BAXTER. Mr. Bowes, I suppose, will be examined there.

Com'r PROUTY. Mr. Miller, how many witnesses will you have in rebuttal?

Mr. MILLER. I do not know.

Com'r PROUTY. We will assign one day at Washington for the taking of further testimony and take the argument up the next day.

Mr. GREEN. Would it not be well if the Commission find

936* time to allow a day to intervene between the closing of the testimony and the argument of the case?

Com'r PROUTY. Well, we can do that. The tap-line case and the Georgia case and this case will all be heard at the same time. We will take the testimony in this case first and then hear the argument in the tap-line and then the argument in the sawmill case. After

that we can take up the argument in this case. If you prefer, we could probably set down the testimony in this case for two days before the beginning of argument.

Mr. GREEN. I think that would be more prudent. Mr. Bowes' examination will necessarily take considerable time.

Com'r. PROUTY. We shall probably set this case down for the taking of testimony on Monday and begin the argument on Wednesday. That will be some time after and not very long after the middle of January, I think. We will try to get you the record in this case about the first of January. You can file briefs after the case is argued. We will notify you, after I get back to Washington, when the case will be taken up.

At 3.30 o'clock p. m. the Commission adjourned.

HEARING AT WASHINGTON, D. C., FEBRUARY 15, 16, AND 17, 1904.

Present: Commissioner Knapp (chairman), Clements, Yeomans, Prouty, and Fifer.

Appearances: Green & Green and T. M. Miller for complaintant. Ed. Baxter for defendants. Sydney F. Andrews for Illinois Central Railroad Co. Claudian B. Northrop for Southern Railway Co.

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WASHINGTON, D. C., *February 15, 1904—10 a. m.*

The CHAIRMAN. Gentlemen, the case of the Central Yellow Pine Association against the Illinois Central Railroad Company and others has been assigned for the taking of further testimony this morning.

Mr. ANDREWS. May it please the Commission, respecting the examination in New Orleans of Mr. Wallace for the Illinois Central, I want to correct some statements he made in regard more particularly to the financial transactions between the Illinois Central and the Chicago, St. Louis & New Orleans.

At that time I think Mr. Wallace stated that he did not pretend to be familiar with that feature of the annual report, except as was indicated on the face of it. Probably I am the guilty man, because I urged him to take the stand, and I did so because I thought the hearing would be closed down there. It appears that some of those figures are misleading, and I wish to correct them before I proceed further.

The CHAIRMAN. Will you do that by your own statement?

Mr. ANDREWS. No, sir; I have a witness here who will take but a few minutes.

BENJAMIN C. FOUTZ, a witness called on behalf of defendants, having been duly sworn, testified as follows:

Mr. ANDREWS. State your name, Mr. Foutz.

Mr. FOUTZ. Benjamin C. Foutz.

Mr. ANDREWS. What is your connection with the Illinois Central Railroad Company?

Mr. FOUTZ. I am bookkeeper of what is known as the subsidiary lines.

Mr. ANDREWS. Mr. Foutz, does that include the Chicago, St. Louis & New Orleans Railway Company?

Mr. FOUTZ. Yes, sir.

Mr. ANDREWS. Mr. Wallace, in speaking of the lease made in 1882 between the Chicago, St. Louis & New Orleans Railroad Company and the Illinois Central Railroad Company, stated that the Illinois Central Company had advanced the sum of $16,000,000 to that company over and above what it was obligated to advance
3 under the terms of that lease. Now, will you please state to the Commission what amount of money the Illinois Central Railroad Company has advanced up to June 30, 1903, to the Chicago, St. Louis & New Orleans Railroad Company above or beyond what it had to advance under the terms of the lease?

Mr. FOUTZ. The Illinois Central Railroad has advanced $7,344,186.77.

Mr. ANDREWS. That is, above the amount it agreed to pay under the lease?

Mr. FOUTZ. Yes, sir.

Com'r PROUTY. Is that lease in evidence?

Mr. ANDREWS. I understood the other side said they had offered it in evidence. Under the terms of that lease, Mr. Foutz, as I understand it, the Illinois Central, in the way of rental for that line, guaranteed the payment of 4 per cent on $10,000,000 of capital stock. Is that correct?

Mr. FOUTZ. Yes, sir.

Mr. ANDREWS. Mr. Prouty, you will remember that, as I say, Mr. Wallace stated that we had advanced $16,000,000.

Com'r PROUTY. My recollection is that Mr. Wallace stated that
4 by the terms of that lease you were obliged to pay the interest on certain bonds and you guaranteed the interest on certain capital stock, and that you have made certain repairs on that line, which all amounts to about $16,000,000. That is what I understood Mr. Wallace to state at New Orleans.

Mr. ANDREWS. Yes, sir.

Com'r PROUTY. Now, then, it seems in point of fact that instead of being $16,000,000 it is about $7,000,000?

Mr. ANDREWS. Yes, sir; between $7,000,000 and $8,000,000. Under that lease we do not guarantee, technically speaking, the $18,000,000 of bonds, but the interest. The lease provides that at the end of the term of that lease the Illinois Central shall be paid back all the moneys it has advanced beyond whatever it was obliged to advance under the terms of the lease at 5 per cent and shall retain possession of the road until that is paid. Now, Mr. Foutz, this Chicago, St. Louis & New Orleans Railroad at the time the first lease in 1882 was

made extended from East Cairo through Jackson, Mississippi, to New Orleans, did it not?

Mr. FOUTZ. Yes, sir.

Mr. ANDREWS. And that was all of that road at that time?

5 Mr. FOUTZ. No, sir; there was a small branch known as the Kosciusko Branch, about 14 miles in length.

Mr. ANDREWS. Then, in 1889 the Chicago, St. Louis and New Orleans Railroad Company leased to the Illinois Central a road which it had acquired between 1882 and 1889, extending from Grenada to Memphis, did it not, in 1889?

Mr. FOUTZ. Yes, sir.

Mr. ANDREWS. By the terms of that lease the Illinois Central guaranteed the payment of $3,500,000 of bonds and the interest on them?

Mr. FOUTZ. Yes, sir.

Mr. ANDREWS. Those bonds being secured by a mortgage on that one hundred miles of road from Grenada to Memphis?

Mr. FOUTZ. Yes, sir.

Mr. ANDREWS. What was the total capitalization of the Chicago, St. Louis & New Orleans Railroad Company at the time the lease was made in 1889—that is, of the railroad which then consisted of the line from East Cairo to New Orleans, plus the little branch of 14 miles to Kosciusko and the line from Grenada to Memphis—what was the total capitalization of that company?

6 Mr. FOUTZ. $31,500,000.

Mr. ANDREWS. How was that divided? How much of that was bonds?

Mr. FOUTZ. $10,000,000 worth of stock and $21,500,000 worth of bonds.

Mr. ANDREWS. Can you state, Mr. Foutz—I think you have a memorandum of it—how it was that Mr. Wallace came to the conclusion from the annual report that the Illinois Central had spent a little over $16,000,000——

Mr. GREEN. We object to that. He certainly can not tell how Mr. Wallace came to make a misstatement.

Mr. ANDREWS. I do not insist on it. He made a mistake.

Com'r PROUTY. Have you introduced your annual report? It has been referred to so much.

Mr. ANDREWS. I do not think we introduced it.

Com'r PROUTY. He might take the annual report and point out from it the facts by reason of his greater familiarity with it.

Mr. ANDREWS. I do not know that it is material, your honor, to go further with that.

7 Mr. MILLER. If there is any question about it the annual report might be introduced now.

Mr. GREEN. I understood that the Illinois Central report for 1903 was used in evidence.

Mr. ANDREWS. It may have been referred to.

Com'r PROUTY. The statistical report to the Commission was introduced, but I do not know that the report to the stockholders was.

Mr. GREEN. If there is any question about it, we would like it introduced.

The CHAIRMAN. That report may be regarded as in evidence.

Mr. GREEN. And also, if your honors please, the lease of the Chicago, St. Louis & New Orleans road to the Illinois Central road, dated July 1st, 1882, and the lease dated in 1889 that has been referred to in evidence, to avoid any possibility of their not being considered in evidence.

Mr. ANDREWS. Mr. Wallace also testified in New Orleans that the Illinois Central had expended for betterments and additions on its lines of railroad during the last ten years, up to June 30, 1903, $81,482,476, and that of this amount $63,668,787 had been provided for out of the capital account and $17,806,039 was defrayed from
8 income. Will you please state whether or not this statement is correct as shown by the books?

Mr. FOUTZ. The correct amount spent for additions and betterments during the period was $82,984,740.05, of which amount there was charged to capital $65,574,700.67, and defrayed from income $17,410,039.38.

Com'r PROUTY. Does that $65,000,000 represent an actual increase in the capitalization of your road of $65,000,000, or does that represent the amount of money that was received from the issue of new stock and new bonds—or was this stock issued at par in all cases?

Mr. FOUTZ. As I understand it, it was issued at par.

Com'r PROUTY. So it represents an increase of so much?

Mr. FOUTZ. I could not answer that question, not being bookkeeper for the Illinois Central Railroad Company proper.

Mr. ANDREWS. Mr. Foutz keeps the books for the subsidiary lines. Where did you get that information, Mr. Foutz, about additions and betterments?

Mr. FOUTZ. That I compiled from the annual reports of the Illinois Central Railroad Company, and not from any books of my own.

9 Mr. ANDREWS. Mr. Wallace also stated that the capital stock of the Illinois Central Railroad, from Cairo to Chicago, was $27,690,000. Please state whether this is correct. If not, give the correct amount. That was in 1860.

Mr. FOUTZ. The capital stock of the Illinois Central Railroad Company at the end of 1860 was $15,655,000, and the funded debt was $15,672,000; making a total of $31,327,000.

Com'r PROUTY. Can you give the mileage at that time?

Mr. FOUTZ. In 1860?

Com'r PROUTY. Yes, sir.

Mr. FOUTZ. No, sir.

Mr. ANDREWS. I find in Mr. Green's examination of Mr. Wallace the inquiry whether the Illinois Central Railroad Company did not, under the lease of the Chicago, St. Louis & New Orleans Railroad Company, in 1882 and in 1889, agree to pay certain bonds of the Chicago, St. Louis & New Orleans Railroad Company, the New Orleans, Jackson & Great Northern Railroad Company, the Mississippi Central, and the Mississippi & Tennessee, which, added to the $10,000,000 capital stock of the Chicago, St. Louis & New Orleans Railroad
10 Company, aggregated $41,000,000. Will you please state whether that is correct, and if not, give a correct statement of the transaction in question.

Mr. FOUTZ. The capital stock on July 1st, 1882, the date on which this Chicago, St. Louis & New Orleans was leased by the Illinois Central, was $10,000,000. The funded debt—that is, bonds outstanding on that date—consisted of New Orleans, Jackson & Great Northern Railroad Company 8 percents, due 1886, $2,815,000; New Orleans, Jackson & Great Northern Railroad Company 8 percents, due 1890, $1,483,000; Mississippi Central Railroad Company 7 percents, due 1884, $197,000; Mississippi Central Railroad Company 8 percents, due 1886, $746,000; Chicago, St. Louis & New Orleans Railroad Company's 7 percents, due 1897, $1,400,000; Chicago, St. Louis & New Orleans Railroad Company's 6 percents due 1907, $80,000; Chicago, St. Louis & New Orleans 5 per cent gold, due 1951, $11,275,000 There were, in addition to those bonds, $4,000 worth of bonds that are past due and called, which is made up of Mississippi Central Railroad Company 7 percents, due in 1874, of $3,000, and Mississippi Central 8 percents, due in 1881, of $1,000. The sum of all of those bonds, together with those $4,000 worth, aggregated a total funded debt of $18,000,000. That would make a total capitalization, stocks and bonds, of $28,000,000 instead of $44,000,000.

11

Mr. ANDREWS. Did the Illinois Central take up all those bonds that you referred to?

Mr. FOUTZ. The Illinois Central took up all the above issues of bonds falling due prior to the year 1903, and received in exchange therefor C., St. L. & N. O. bonds due 1951; of course, with the exception of the $4,000 passed due bonds, which have not been presented for liquidation.

Mr. ANDREWS. I think that is all.

Cross-examination:

Mr. GREEN. Mr. Foutz, you are bookkeeper of the subsidiary lines and not of the Illinois Central proper?

Mr. FOUTZ. Yes, sir.

Mr. GREEN. Do you know of your own knowledge, other than your books, anything of the transactions to which you have testified?

Mr. FOUTZ. Not of my personal knowledge; no, sir.

12

Mr. GREEN. Do not your books show—those kept for the Chicago, St. Louis & New Orleans Railroad Company—that in 1882 the capital stock of the Chicago, St. Louis & New Orleans Railroad Company was $29,000,000?

Mr. FOUTZ. The capital stock?

Mr. GREEN. Yes, sir.

Mr. FOUTZ. No, sir.

Mr. GREEN. How much was it?

Mr. FOUTZ. $10,000,000.

Mr. GREEN. Excuse me; yes, sir; $10,000,000. The capital stock of the Illinois Central on that date was $29,000,000?

Mr. FOUTZ. The capital stock in 1882?

Mr. GREEN. Yes, sir.

Mr. FOUTZ. I would have to refer to the books. I am not familiar with the Illinois Central accounts sufficiently to answer that question.

Mr. GREEN. On July 1st, 1883, was not the capital stock of the Chicago, St. Louis & New Orleans Railroad Company passed to the credit

of the capital stock of the Illinois Central Railroad Company, increasing it from $29,000,000 to $39,000,000?

13 Mr. FOUTZ. Of the C., St. L. & N. O.?

Mr. GREEN. Yes, sir.

Mr. FOUTZ. No, sir.

Mr. GREEN. I find in Poor's Manual—that is a standard railroad authority, is it not?

Mr. FOUTZ. Yes, sir; it is looked upon as such.

Mr. GREEN. For the year 1894, on page 897 of Poor's Manual for 1894, in the tabulation in respect to the Illinois Central Railroad Company, it is stated that in 1881 the capital stock of the Illinois Central was $29,000,000; in 1882, $39,000,000; in 1883, $39,000,000, with a star reference note to the bottom reciting that it includes $10,000,000 of stock and $18,000,000 of bonds of the Chicago, St. Louis & New Orleans Railroad Company. Is that correct?

Mr. FOUTZ. As I understand you, you mean to say that the capital stock of the Illinois Central was increased from $29,000,000 to $39,000,000, and that that included $10,000,000 of stock and $18,000,000 of bonds of the C., St. L. & N. O.—the $39,000,000?

14 Mr. GREEN. I mean that this report shows that the capital stock and bonds of the Chicago, St. Louis & New Orleans Railroad Company was put into the capital stock account of the Illinois Central Railroad Company in 1883 on the basis of $10,000,000, was it not?

Mr. FOUTZ. Not to my knowledge.

Com'r PROUTY. Didn't they also combine the mileage, Mr. Green?

Mr. GREEN. At that time?

Com'r PROUTY. Yes, sir.

Mr. GREEN. I could not answer that, your honor.

Mr. ANDREWS. This witness stated he did not keep the books of the Illinois Central, but the books of the Chicago, St. Louis & New Orleans Railroad.

Mr. GREEN. Do the books of the Chicago, St. Louis & New Orleans Railroad Company for 1883 show that this stock was passed out to the credit of the Illinois Central Railroad Company?

Mr. FOUTZ. It shows that the stock of the C., St. L. & N. O., $10,000,000, still stands on the books of the C., St. L. & N. O. What disposition the stockholders made of it my books do not reflect.

15 Mr. GREEN. You do not know that the Illinois Central issued its $10,000,000 leased-line stock?

Mr. FOUTZ. Only by referring to the books of the Illinois Central.

Mr. GREEN. Your books show nothing in regard to it?

Mr. FOUTZ. No, sir.

Com'r PROUTY. What dividends did they agree to pay on this $10,000,000?

Mr. GREEN. The same that they paid on the other; and the reports show that the next year, your honor, the capital stock was reduced again to $29,000,000, and that the $10,000,000 of Chicago, St. Louis & New Orleans Railroad Company stock was declared out to the stockholders of the Illinois Central as a stock dividend.

Com'r PROUTY. Do you mean that they duplicated that stock?

Mr. GREEN. Yes, sir; in one sense. They credit it, as the books now

show of the Illinois Central, as leased-line stock in the capital account.

Com'r PROUTY. Are they paying dividends twice on that now, or only once?

16 Mr. GREEN. They pay dividends on the Chicago, St. Louis & New Orleans, 4 per cent guarantee, under this lease of 1882, which is deducted from the dividends before the stockholders receive anything further.

Com'r PROUTY. Do you claim that they pay this 4 per cent dividend guaranteed on this stock—this $10,000,000 of stock—and in addition to that they pay a dividend on $10,000,000 of Illinois Central stock?

Mr. GREEN. No, sir.

Com'r PROUTY. They only pay the dividend once?

Mr. GREEN. Yes, sir; that is right, and then the Chicago, St. Louis & New Orleans Railroad is made to earn its proportionate share of the 6 per cent dividends of the Illinois Central Railroad and general income of the Illinois Central Railroad. As I understand you, Mr. Foutz, you know nothing of the status of the Illinois Central Railroad transactions?

Mr. FOUTZ. No, sir.

Mr. GREEN. Do the reports of the Illinois Central come into your office?

Mr. FOUTZ. Yes, sir.

17 Mr. GREEN. Do you know officially as to the statement of increase of earnings? We have here a statement of the income of the Illinois Central Railroad Company from traffic for the five months ended June 30.

Mr. ANDREWS. He has nothing to do with it.

Mr. GREEN. Do you know anything about it?

Mr. FOUTZ. No, sir; I do not.

Mr. GREEN. You only know what the Chicago, St. Louis & New Orleans Railroad Company's books show?

Mr. FOUTZ. Yes, sir; that is all.

Mr. GREEN. That is all.

Witness excused.

Com'r PROUTY. The Illinois Central was asked to file a comparative statement showing earnings and expenses of operation for the last five months of 1903, as compared with the last five months of 1902. There was something of that sort.

Mr. GREEN. Yes, sir.

Com'r PROUTY. Has that statement been filed?

Mr. GREEN. I do not know, sir.

18 Mr. ANDREWS. I have some statements here—all, I think, that were promised—and will offer them before we get through.

Mr. GREEN. We desire, before another witness is put upon the stand, to call for the production of the Gulf & Ship Island contract in respect to terminals and facilities, etc., between it and the Illinois Central. Counsel in New Orleans said that the contract would be produced, and we desire to have it.

Mr. BOWERS. Our attitude in that matter is this: During the hearing at New Orleans—I think while Mr. Robinson was on the stand—

something was said in reference to the divisions between the Illinois Central Railroad and the Gulf & Ship Island, and this question was asked Mr. Robinson on cross-examination:

"Don't you know that an arrangement was entered into in advance of the building of the road, and that these divisions were given as an inducement to build the road," and he replied that he did not; that he did not know anything about it. Mr. Green then asked if we would file those contracts, and I replied that I would. I
19 called on our people for them. The other side asked for two contracts, assuming that they were one. I had never seen either of them at that time, and one of them I have not seen since. The inquiry was with reference to the contract as to terminal facilities, and the other between the Illinois Central and the Gulf & Ship Island in reference to tonnage. I called on my people for those contracts, and they furnished me the contract for terminal facilities, which I have submitted to counsel. In answer to the demand for the other they furnished me this:

20 Giving the fullest force to my statement of a willingness to file the contract, of course so much of it as dealt with any matter not relevant to this case was improper. If they will state anything in these papers material to this controversy it will be produced, but we ought not to be required to file a paper simply for the gratification of complainants and for the inspection of counsel in order that they may be permitted to go fishing. Counsel ought to state to the court the material matter in the contract and give the court some reason to compel its production here.

Mr. GREEN. If the court please, the contract between the Illinois Central and the Gulf & Ship Island for tonnage is, as we understand it, a contract for ten years, whereby—before the Gulf & Ship Island was extended to Jackson—the Illinois Central bought the tonnage of the Gulf & Ship Island, entered into a contract whereby the Gulf & Ship Island agreed to deliver to the Illinois Central cars of lumber at the rate of one hundred cars a day, and the division between those parties, based upon that contract, is 7 cents.

Mr. BOWERS. To certain territory.

21 Mr. GREEN. And a division of 50 per cent to other territory? That contract would be an exceedingly material factor in this inquiry, because if there is one proposition that is settled it is that as a transportation problem a carrier can not sell its tonnage, and it will throw light upon the issue here. Now, if there are parts of that contract which for private reasons between these parties it is not desirable to produce, we would cheerfully meet with counsel and expunge such parts of the contract as were not desired to be made public, but so far as the contract itself is concerned we think we are entitled to it and that it should be produced. As my associate suggests, a public carrier cannot in the matter of rates make a private contract.

Com'r PROUTY. What do you mean by a carrier cannot sell its tonnage?

Mr. GREEN. I mean that the question of the reasonableness or unreasonableness of rates, of which the divisions are necessarily a part, is based upon the principle of a reasonable consideration, rather a fair consideration for the service rendered, and not upon arbitrary agreements.

22 Com'r PROUTY. Well, if the through rate from points on the Gulf & Ship Island is reasonable, is it any matter of concern to you how that rate is divided between the Illinois Central and the Gulf & Ship Island?

Mr. GREEN. If the Illinois Central takes this traffic up to Cairo for six cents that has a bearing upon what they can afford to carry it for, a very material bearing.

Com'r PROUTY. But don't you get the full benefit of that?

Mr. GREEN. No, sir; the full benefit could only be gotten from that in this way, if these rates were made as a matter of regard for the public, as a transportation problem for the public, it is one thing; if these rates are procured to be made by an understanding or agreement made before the line is built, by reason of which the rates must be fixed, it is a very different thing.

Com'r PROUTY. Do you understand this contract provides that rates from points on the Gulf & Ship Island to Ohio River points shall be maintained at a certain figure?

Mr. GREEN. That is my understanding. It is a sale of the tonnage for ten years at a certain, definite price per hundred.

23 Mr. BOWERS. If the court please, as I stated to your honors, I have never seen the paper. My understanding of it, however, is very different from that stated by counsel. I think on my information I am safe in saying to the Commission that there is, and never was, a sale of tonnage; and in response to the question put by Commissioner Prouty a moment ago, there is not a word in it about what rates shall be. It does provide for certain divisions. I have them here on separate sheets, and I think counsel are familiar with what those divisions are, and I am prepared to file them. Now, what there is in this contract that can be material to this case further than the mere matter of divisions, I cannot see. Of course, if it is the judgment of the Commission that we should produce this paper I shall immediately wire for it, and I absolutely promise the wire shall be obeyed; but I respectfully contend there is nothing that warrants compelling us to present anything in addition to the divisions.

The CHAIRMAN. The Commission may not fully appreciate the point of complainants, but our present impression is that if you
24 have these divisions you have the only material fact which needs to be considered in that connection. Of course, it appears already that this contract was made in advance of the construction or extension of the line.

Mr. BOWERS. I think that is true.

The CHAIRMAN. You have the date of that contract?

Mr. BOWERS. I do not know the date.

The CHAIRMAN. There would be no objection to giving the date?

Mr. BOWERS. Not the slightest.

The CHAIRMAN. You have already stated that it was to be in force for a period of ten years, I believe.

Mr. BOWERS. That is my understanding; but I think it carries with it some provision as to its modification. I do not know what that is.

Com'r CLEMENTS. What did you expect to show by it further than that?

Mr. GREEN. Here is one aspect of that. The contract is in existence, and that contract will speak for itself; and therefore we ask for

the production of it to avoid secondary evidence in regard to its contents and possible misinterpretation of its contents and all the
25 ills that flow from secondary evidence in regard to a contract, which could be cured by the production of the paper itself. The document would speak for itself and settle the matter. In response to Commissioner Clements's suggestion you will perceive that if there was a contract entered into between these parties touching the sale of tonnage and the price at which it should be sold, that precludes any change of rates between those parties except upon the basis of the original agreement. It was a private contract, which necessarily fixes public rates, and in that aspect of it it seems to be very material. Counsel practically states that the general trend of it is as claimed; he admits that it is. If there is any private stipulation between these railroad companies that counsel does no*r* desire to have in the public record, why we would cheerfully meet with them, as I stated, and expunge it. I do not think there would be any trouble between counsel and ourselves in regard to that. The material question is as to bargain for the sale of the tonnage, the amount of tonnage to be delivered, and the price it was to be sold for.

Com'r PROUTY. The one material thing to you, Mr. Green,
26 is to show that they were willing to carry this traffic from *from* Jackson up to Cairo for five or six cents per hundred pounds, and that therefore it must be a desirable traffic. That is the important point for you to show, and that they were willing to enter into a contract before this line was built to carry it for a period of ten years. You get the benefit of all that. They admit all that.

Mr. GREEN. He does not, I understand, admit the ten-year contract. If he will admit the ten-year contract, on what your honor has stated, I have no objection to the absence of the contract, because that is all we want to show.

Mr. BOWERS. This contract was made prior to the building of the road to Jackson, according to my understanding, and was to run for a period of ten years, but there was some provisions in it for modification.

Com'r PROUTY. If you want the benefit of those provisions you should produce the contract.

Mr. BOWERS. My understanding is that there is no guarantee of any amount of tonnage at all. I will suggest this to the Commission:
I will telegraph for the contract, and when it arrives here I
27 will see if I can make an arrangement with *with* counsel on the other side as to what shall be stipulated into the record. I shall have to decline the suggestion, however, that we submit the contract to counsel for complainants. We are in constant litigation with our friends on the other side, and I would as lief publish it as to give it to them.

Mr. GREEN. I am sorry you are in difficulty all the time.

Mr. ANDREWS. If the Commission please, I desire to introduce Mr. Stuyvesant Fish as a witness, for the purpose of explaining the connection of the Illinois Central with the southern lines prior to 1882, and at the time of this lease that was made that we have heard so much about.

28 STUYVESANT FISH, a witness called on behalf of defendants, having been duly sworn, testified as follows:

Mr. ANDREWS. Mr. Fish, you are president of the Illinois Central Railroad Company?

Mr. FISH. Yes.

Mr. ANDREWS. How long have you been connected with that railroad company, and in what capacities?

Mr. FISH. Beginning in 1871, I served with them for a little over a year as secretary to the chairman of the board of directors, and as secretary to the president later. I then left the service, and came back in January, I think, or, possibly, February, 1877, as a director in the Illinois Central Railroad Company, and served in one capacity or another—as secretary to the purchasing committee, which was then about being organized for the purchase of the New Orleans, Jackson & Great Northern, and the Mississippi Central Railroads. I have been with the Illinois Central Company and the Chicago, St. Louis & New Orleans Company ever since.

29 Mr. ANDREWS. How long have you been president of the Illinois Central Railroad Company?

Mr. FISH. Since May, 1887.

Mr. ANDREWS. Now, Mr. Fish, I wish you would please state the connection—I understand you are familiar with it—the connection of the Illinois Central Railroad Company, from the first connection of that company, with the southern lines, now known as the "Chicago, St. Louis & New Orleans Railroad Company's lines."

Mr. FISH. If the court will permit me, I can save time by reading that consecutively.

Mr. ANDREWS. I may state, Mr. Fish, that the main object I have in view is to know whether or not the Illinois Central did or did not invest considerable sums of money in that property prior to this lease of 1882, for which they received no return at the time they leased the road.

Mr. FISH. They did make such investments, and very large ones, if your honors please, under an agreement made in the spring of 1872, and agreements supplemental thereto between the New Orleans,

30 Jackson & Great Northern Railroad Company of the first part, the Mississippi Central Railroad Company and the Southern Railroad Association, lessees, of the second part, and the Illinois Central Railroad Company of the third part. The Illinois Central Company covenanted to buy bonds of the New Orleans, Jackson & Great Northern and of the Mississippi Central Railroad Companies, bearing 7 per cent interest, secured by mortgages made May 1, 1872, and guaranteed by each company for the other mutually. These mortgages were with respect to both railroads, subject to at least two prior mortgages. The proceeds of these bonds were used in extending the Mississippi Central Railroad from Jackson, Tennessee, through Kentucky, for about 106 miles to a connection by ferry with the Illinois Central Railroad at Cairo, Illinois, and to rebuild the New Orleans, Jackson & Great Northern Railroad. The latter extended from New Orleans, Louisiana, to Canton, Mississippi, 206 miles, with a branch to Kosciusko, Mississippi, 14 miles. The Mississippi Central when so completed extended from Canton, Mississippi, to nearly opposite Cairo, Illinois, 347 miles. The Illinois

Central Railroad Company so bought about $5,000,000 of such bonds.

Default was made on interest in 1874. The New Orleans, Jack-
31 son & Great Northern Railroad was sold at foreclosure March 17, 1877, there being outstanding $3,559,000.00 of its bonds issued as above in 1872, on which the court found due $3,963,236.06. The road was sold for $1,050,000.00. Hence there was an unsatisfied deficiency of $2,913,236.06. The Mississippi Central Railroad was sold at foreclosure August 23, 1877, there then being outstanding $3,720,000.00 of its bonds, issued as above in 1872, on which the court found due $4,420,374.40. The road was sold for $425,000.00.

Com'r PROUTY. Who bought these two roads?

Mr. FISH. The purchasing committee, of which I was the secretary.

(Continuing reading.) Hence there was an unsatisfied deficiency of $3,995,374.40. The deficiency on both roads amounted to $6,908,610.46. The Illinois Central Railroad held about two-thirds of these bonds.

The purchasers being the bondholders, the Illinois Central Railroad Company and others organized under an agreement dated November 7, 1877, the Chicago, St. Louis & New Orleans Railroad Company, with a capital of:

Stock		$10,000,000.00
1st mortgage 7 per cent bonds	$13,000,000.00	
2d mortgage 6 per cent bonds	8,000,000.00	
Total bonded debt		21,000,000.00
Total stock and bonds		31,000,000.00

32 Such organization was ratified by the State of Mississippi by an act approved February 27, 1878, and by the other States as well.

The payment of interest on the second mortgage bonds was for the first five years, 1878, 1879, 1880, 1881, 1882, only to be made if earned, but was thereafter to be compulsory. No interest was paid during those five years; but in them the road was rebuilt from end to end, the gauge changed to conform with what is now the universal standard in the United States, and every car and engine rebuilt, new cars and engines bought, shops built and rebuilt, every bridge rebuilt, every bar of iron replaced with steel rails, grades reduced, line lengthened at great expense to come up squarely opposite Cairo, road ballasted in large part, etc.

In 1881 a new mortgage was made to secure $18,000,000.00 (not $21,000,000.00) of new 5 per cent bonds, all 6 per cent and 7 per cent bonds owned by the Illinois Central Railroad Company and by officers, directors, and friends of that company were converted into 5's. All of the 6's except $80,000.00 were so converted. These are outstanding and will mature in 1907. It was this great reduction
33 in interest, this dedication of the earnings to betterments, and the connection with the Illinois Central Railroad, a prosperous and growing concern, which, with the growth of the country, gave value to the stock.

Later on, and after the lease of the Chicago, St. Louis & New Orleans to the Illinois Central, to wit, in 1886, the latter company pledged $5,266,000.00 of these Chicago, St. Louis & New Orleans 5's.

to secure an equal amount of Illinois Central 3½'s, thereby further reducing the interest charge.

Returing, now, to the autumn of 1877, the Chicago, St. Louis & New Orleans Railroad Company executed its first mortgage in November, 1877, to secure $13,000,000.00 of 7's. That mortgage recites prior liens and sets apart specific bonds of the new issue to provide for them to the amount $10,350,000.00. It then sets apart $500,000.00 more bonds to provide for other prior liens and deficiencies in the particular appropriations previously made, thus disposing of $10,850,000.00 in new bonds, leaving $2,150,000.00, which the mortgage provides are disposed of as follows:

1st. In the payment of any coupons overdue and not post-
34 poned upon the first and second mortgage bonds of the New Orleans, Jackson & Great Northern Company, and upon the first mortgage bonds of the Mississippi Central Railroad Company, not hereinbefore specially provided for.

2nd. In constructing and improving the railroad, putting it in order, and procuring additional equipment. Most of the prior liens carried 8 per cent interest, and none of them carried less than 7 per cent. At that time, November 8th, 1877, the interest on the prior liens recited in the mortgage amounted to $806,102.00 per annum. As $10,350,000.00 of the 7 per cent bonds were specifically set apart to take up these prior liens, there were left to be issued of the 7 per cent bonds $2,650,000.00, on which the interest was $185,000.00, making the total interest due under the Chicago, St. Louis & New Orleans first mortgage and liens prior thereto $991,602.00 per annum.

On December 1, 1877, the Chicago, St. Louis & New Orleans Railroad Company made a second mortgage to secure not exceeding
$8,000,000.00 of 6 per cent bonds, on which the first ten cou-
35 pons, representing interest for five years, was, as stated above, to be paid only if earned. These bonds were issued in exchange for the old bonds of the New Orleans, Jackson & Great Northern and of the Mississippi Central Railroad companies, secured by the mortgages made by them, respectively, May 1, 1872, to the amount of $7,690,000.00, on which the interest was to be $461,400.00. That is to say, the plan of reorganization effected in 1877 contemplated a present fixed charge of $991,602.00, and a charge after 1882 of $1,453,002.00; this on an absolutely broken-down railroad, bankrupt in credit and bankrupt physically, unsafe for travel, and destitute of equipment, the ex treme length of which, including a worthless branch, did not exceed five hundred and sixty-seven miles. That is to say, the immediate interest charge was at the rate of $1,748.85 per mile, and from 1882 onward it was to be $2,562.61 per mile.

Under date of June 13, 1882, the Chicago, St. Louis & New Orleans Company leased its railroad to the Illinois Central, which lease is in
writing, and I believe in evidence. Shortly thereafter the
36 Illinois Central made a dividend of 17 per cent upon its capital of $29,000,000.00; that is to say, it distributed $4,930,000.00 of the Chicago, St. Louis & New Orleans stock, which stock was not then worth $75.00 per share. By taking it at that price, the dividend amounted to $3,697,500.00, which did not reimburse the Illinois Central Railroad Company that which the corporation—and therefore its stockholders, prior to the foreclosure in 1877—lost through

the default made in 1874 upon the bonds of the New Orleans, Jackson & Great Northern and Mississippi Central Railroad companies, to say nothing of interest thereon during the remaining five years.

As to the Mississippi & Tennessee Railroad, Grenada, Miss., to Memphis, Tenn., scant 100 miles, the old company being in 1889 in default on its 8 per cent bonds, of which some $2,100,000.00 or $2,200,000.00 were outstanding, calling for an annual payment of from $168,000.00 to $176,000.00, was consolidated with the Chicago, St. Louis & New Orleans Railroad Company under the latter name. The Chicago, St. Louis & New Orleans Railroad Company agreed to pay off the old Mississippi & Tennessee Railroad Company's
37 debt and to improve the property with the proceeds of $3,500,000.00 of new 4 per cent bonds of Chicago, St. Louis & New Orleans, guaranteed by the Illinois Central Railroad Company. This provided for betterments, a large cash fund, and reduced the annual interest charge to $140,000.00.

That is the gist of the matter.

Mr. ANDREWS. At New Orleans there was considerable said about the increase of the capital stock of the Illinois Central, to the effect that the manner of that increase which you authorized the stockholders to subscribe for—I think 20 per cent of their holdings——

Mr. FISH. You refer to the increase in December, 1902, or thereabouts?

Mr. ANDREWS. Yes, sir; and that there was by reason of that a very large profit made by the stockholders of the Illinois Central, they having the privilege of subscribing to that stock at par. I wish you would state to the Commission briefly the facts in regard to that. Suppose I had been a stockholder at that time and had taken advantage of that proposition; what profit, if any, would I have now as a stockholder?

38 Mr. FISH. You would have a loss. I would explain it in this way——

Mr. ANDREWS. Take one share of stock, for instance.

Mr. FISH. When a privilege of that kind is given upon stock which is selling at a premium and the day for exercising the privilege expires, the stock immediately sells for just so much less as the privilege is worth. There is nothing made by it. The reason I say a loss is because at that time, in December, 1902, about that time, the whole market was very high, and the market is now very low. I recall an instance in my personal experience, which I can give the Commission, where a friend of mine wanted me to buy one hundred shares of Illinois Central stock for him, and I bought it at the very top price of $173 a share. I loaned him half of the money to pay for it. Of course the price fell when the privilege went off to just the extent of the value of the privilege, and later it fell still more. I think I told my friend that he had better stop his loss, which he did, and I took the shares off of his hands at about $148 a share, and I have them to-day, and I have a loss of $20 a share on that transac-
39 tion, the present price being about $128 a share.

Mr. ANDREWS. I wish you would illustrate that.

Mr. FISH. Take my friend's case. After making his purchase he had one hundred shares of stock which cost him $17,300. It may have been a little more or a little less. I am not sure about the fractions. That was part of a capital of $79,200. He bought those

shares with the privilege of taking 20 per cent, say 20 shares, at par, for which he, of course, paid $2,000, making his investment $19,300, for which he had 120 shares of a capital amounting in the aggregate to $95,040. The present price of the stock is $128, and the 120 shares are therefore worth $15,360. Had he held them to this time he would have a loss on the transaction of $3,940; and between us we have lost that amount of money; he lost about half and I lost the remainder.

Com'r PROUTY. Suppose he had bought the stock in 1900; how would it be?

Mr. FISH. The market was lower.

Com'r PROUTY. The thing would have gone the other way?

Mr. FISH. I think there is an advance in the shares since
40 1900. I do not remember the price, but I think there is an advance. He might have bought the stock in 1869 and paid 150 for it.

Com'r FIFER. What is the lowest point reached by this stock since 1887—along there?

Mr. FISH. I would not like to testify. My impression is about $86 a share was the very lowest that a hundred shares would sell for. In 1877, in the time of depression, the time when the Illinois Central Railroad Company was struggling with foreclosure of these southern roads, when the problem before us was, first, whether it would be possible to foreclose under the third mortgage, subject to the first and second mortgages, which were and had been in default for years, and which were held by local people in Mississippi largely, and the problem was, secondly, whether the property when we got it would be worth having—at that time I saw Illinois Central stock fall, in 1877, from a price approximating $98 or $99 a share down to under $50 a share. I bought in 1877 the one hundred shares of stock which qualified me as a director of the Illinois Central at about $50 a share.

We had to reduce the dividend that year, 1877, from 8 per
41 cent, which—or more—we had been paying since 1863, to 4 per cent, and had a deficit then of some hundreds of thousand dollars in our account. That was the time that the Illinois Central Railroad Company embarked in this thing and took this extra hazardous venture, to the amazement of the people in Wall street and the financial centers; and the thing was not done without a struggle. The three strongest men in the Illinois Central board—excepting always Mr. Osborn—George Bliss, of Morton Bliss & Co., a man worth I do not know how many millions of dollars; I knew him well then and had known him practically all my life, and served under him four years in Morton's bank; Mr. Louis Van Hoffman, the head of the house of L. Van Hoffman & Co., and Wilson G. Hunt, who is known by any man coming from New York—those three men went out on the issue that they did not believe in the southern roads and conditions, and did not want the Illinois Central to put their money into such broken-down concerns.

Mr. ANDREWS. So there was no collusion between the Chicago, St. Louis & New Orleans and the Illinois Central in making this lease?

Mr. FISH. Absolutely not. There had been changes in the
42 board; others had come in to take the place of those gentlemen mentioned, myself among the number. Still, in 1882, there was violent opposition to making this lease, but we got it in

the shape in which you see it, and which is a peculiar thing, that the Illinois Central guarantees the interest upon these Chicago, St. Louis & New Orleans 5 per cent bonds, but not the principal; we got just that far and could not get any further; and Mr. Osborn, who was working in the interest of the Chicago, St. Louis & New Orleans road could not get any more, and we took what we could get, the best lease we could get. That lease as made as much at arm's length as any lease that was ever made. It was a fight for months to get the Illinois Central up to the point where it would guarantee the $400,000.

Com'r PROUTY. Coming back to your proposition as to the issuing of this stock at par, your statement, as I understand it, is this, that the general market has so far depreciated by the issue of that stock that the man who owns five shares of it loses on that as much as he makes on the one share issued to him.

43 Mr. FISH. I think so generally. I think that was so in the marketing of the Pennsylvania stock; that company got bankers to underwrite the issue. So it does not make any difference whether you issue it at a premium or at par; you are adding so much to the mass. It is a question of supply and demand, very largely.

Mr. ANDREWS. I wish you would state, Mr. Fish, what roads south of the Ohio River are now owned by the Chicago, St. Louis & New Orleans Railroad Company—south of the river.

Mr. FISH. First, the old New Orleans, Jackson & Great Northern; second, the old Mississippi Central Railroad; the first-named road running from New Orleans to Canton, Miss., 206 miles, with a branch from near Durant over to Koscuisko, 14 miles, making 220 miles; the Mississippi Central Railroad running from Canton to a point nearly opposite Cairo, Illinois, 347 miles; then the Mississippi & Tennessee Railroad, extending from a point a mile or two north of Grenada on the Chicago, St. Louis & New Orleans road, to Memphis; I think the distance is 98 miles.

Mr. ANDREWS. We call it about 100 miles.

44 Mr. FISH. It is about 100 from Grenada, but from the junction it is not quite that; about 99 miles. Then the Chesapeake, Ohio & Southwestern Railroad, with various affiliations, running from Memphis, through Fulton and Paducah, Ky., to Louisville. It owns the following branches: From Princeton, Ky., to Evansville, Ind.; from Horse Branch to Owensboro, Ky.; from Cecilia, Ky., through Elizabethtown, to Hodgenville, Ky. It also owns a short piece of railroad, not shown on the map perfectly perhaps, from Gracey, Ky., to Hopkinsville, and leases from the Louisville & Nashville the line intervening from Princeton to Gracey.

Mr. BAXTER. Is it not true that the Chicago, St. Louis & New Orleans, which the Illinois Central Railroad leases, reaches the Ohio River at Cairo, at Paducah, at Evansville, at Owensboro, and at Louisville over its own rails?

Mr. FISH. Yes, sir; it reaches the river at Cairo, at Evansville, at Owensboro, at Paducah, and at Louisville on its own rails, absolutely.

Com'r PROUTY. Who owns this line marked in blue on the little map here, from Jackson to Memphis? Is that part of the Yazoo & Mississippi Valley?

Mr. FISH. Yes, sir; that is entirely the Yazoo & Mississippi
45 Valley. That company owns other lines in that neighborhood which are not shown on that map.

Com'r PROUTY. It appears that some portion of this line has been recently constructed, and I wondered whether it was a part of the Yazoo & Mississippi Valley or of the Illinois Central?

Mr. FISH. The Yazoo & Mississippi Valley. The Illinois Central has had no construction recently south except in double tracking, and we have been reducing grades. We have spent several millions of dollars on that work.

Cross-examination.

Mr. GREEN. Is it not a fact that the stock of the Chicago, St. Louis & New Orleans Railroad Company was distributed to the stockholders of the Illinois Central Railroad Company in 1883 on the basis of 17 shares of the Chicago, St. Louis & New Orleans Railroad Company's stock for each 100 shares of Illinois Central Railroad Company's stock?

Mr. FISH. Yes, sir: to the extent of 17 per cent on $29,000,000.

Mr. GREEN. And that they were paid up in cash at the rate of 80 per cent of the value of the Chicago, St. Louis & New
46 Orleans Railroad Company's stock?

Mr. FISH. Yes, sir; and we put that price at 80 in order to bolster up the market. I remember the transaction very well; I had something to do with it. We sold a part, Mr. Green, and we distributed a part of the stock that the Illinois Central had. We held some, and we were all endeavoring to get it marketed at that price. Probably I did it; I don't know. I had to do with it.

Mr. GREEN. It was stockjobbing operation?

Mr. FISH. It was a thing to give value to that stock, which had been the effort of the Illinois Central from the beginning, to give value to that property, and we put our credit behind it for years and I put my time on it.

Mr. GREEN. Is it not a fact that the whole $10,000,000 of Chicago, St. Louis & New Orleans Railroad Company stock was finally dividend out to the stockholders of the Illinois Central Railroad Company after the lease of 1889 of the Memphis & Tennessee road was made?

Mr. FISH. No, sir; in the first place the Illinois Central never owned the whole of it, and never divided anything except 17
47 per cent. The rest it sold and got the best price it could, and got in some cases 80.

Mr. GREEN. Is it not a fact that in the returns or report that the Illinois Central Railroad Company makes to the State railroad commission of Mississippi annually, and sworn to by Mr. J. C. Welling, your vice-president, it is stated that the $10,000,000 of capital stock of the Chicago, St. Louis & New Orleans Railroad Company is owned by the Illinois Central Railroad Company?

Mr. FISH. I do not know about that. I have never seen the report.

Mr. GREEN. But is that a fact?

Mr. FISH. It is a fact, oh, yes, practically, with the exception of a few shares. I will except 100 shares or so.

Mr. GREEN. Now, is it not a fact that in 1882 the stock of the Chicago, St. Louis & New Orleans Railroad Company and its bonds on

the basis of $18,000,000 was passed to the credit of the capital-stock account of the Illinois Central Railroad Company, thereby increasing its capital stock from $29,000,000 in 1881 to $39,000,000 in 1882 and $39,000,000 in 1883?

Mr. FISH. No, sir. I will explain exactly what was done.

48 Some railroad companies make large guarantees and do not show them in their balance sheet. When the Illinois Central Railroad in 1882 or 1883 departed from its practice and did make a guarantee—up to that time it had not made a guarantee of stocks and bonds, and that was one of the fights, to get the board of directors to consent to that departure—when they did, we thought it was right, having guaranteed these bonds, to put them in our balance sheet, showing them to our stockholders as a liability. It did not in any sense increase the capital stock of the Illinois Central Railroad Company. They appeared then in our balance sheet, and they appear to-day in our balance sheet, as you can see from the report itself. The balance sheet, which will be found on page 5 of the report of June 30, 1903, shows capital stock, $95,000,000; leased-line stock as a liability, $10,000,000; funded debt of the Illinois Central Railroad Company, $112,969,525, and funded debt of the Chicago, St. Louis & New Orleans Railroad Company, $16,234,000; total, $129,203,525. In explanation of the funded debt of the Chicago, St. Louis & New Orleans Railroad Company there is opposite to it in the balance sheet

49 the letter "L." in the column "Abstract." Turn to Abstract L and you will find there two large blocks of bonds of the Chicago, St. Louis & New Orleans Railroad Company which are deducted from its debt because they also appear in the debt of the Illinois Central Railroad Company, the Chicago, St. Louis & New Orleans bonds having been pledged to secure the issue of Illinois Central bonds. I need not go into details, but Abstract L will be found on page 9, which states separately and in detail the funded debt of the Illinois Central and the funded debt of the Chicago, St. Louis & New Orleans. The leased-line stock of the Illinois Central Railroad is in no sense stock of the Illinois Central. It is simply, as the terms show—anyone who will read in the lease will see—a perpetual annuity of 4 per cent. It is a promise of the Illinois Central Railroad Company to pay in perpetuity 4 per cent, and beyond that it is nothing.

50 Mr. GREEN. Will you file, as an exhibit to your testimony, a transcript from the books of the Illinois Central Railroad Company for 1881, 1882, 1883, and 1884, showing the capital-stock account and the elements thereof?

Mr. FISH. I can testify from knowledge about that. It was $29,000,000, and did not change an iota.

Mr. GREEN. Will you file the exhibit?

Mr. FISH. There is not any exhibit to file. The stock was $29,000,000 in the beginning, and did not change to the end.

Com'r PROUTY. Mr. Fish, who owns this leased-line stock now, ten million dollars of stock.

Mr. FISH. Thousands of people, in America and Europe.

Com'r PROUTY. It is owned just as any other stock is?

Mr. FISH. Yes, sir. It is a prime investment for men that want to make trusts in the nature of perpetuities. It is held that way a good deal for women and children. It is held largely in Europe.

Com'r PROUTY. You spoke of making a dividend of that stock to the extent of 17 per cent of your stock. You mean you have issued your stock——

51 Mr. FISH. No, sir; we distributed the shares of the Chicago, St. Louis & New Orleans, which were in perpetuity of the Illinois Central, and they, having received them, got the leased line stock.

Mr. GREEN. Your stockholders sold them on the market?

Mr. FISH. Well, some of them hold them to-day. We distributed Chicago, St. Louis & New Orleans stock.

Com'r PROUTY. How did you get that stock?

Mr. FISH. In the reorganization of the Chicago, St. Louis & New Orleans Railroad Company for the payment, I think, of twenty dollars—I will not swear positively to that—and for the unsatisfied interest on the deficiency on our bonds, which we held, we were entitled to it. We had judgments in there—well, we had five millions of bonds and we had a little more in deficiency in there, as I testified.

Com'r PROUTY. That is, doubtless, covered by that statement of yours?

Mr. FISH. I think so. Then they waited five years longer, in which the earnings of the road were put into the property, and no

52 interest paid on the bonds that the Illinois Central took in 1877—not a dollar—the abstention from dividends, putting the property in order, and making a railroad of it, which it was not—I think those gentlemen down there will admit that it was two streaks of rust. I will give my experience the first time I was on the road. It was November, 1877. I made up my mind that if I ever got to New Orleans alive I would resign, and the only thing that prevented me was that I had not the moral courage to say that I was a physical coward. I was afraid for my life traveling over that road.

The CHAIRMAN. Did I not understand that in the reorgaization the stockholders were assessed?

Mr. FISH. They were in part. The amount I cannot recall. I remember receiving bonds, coupons, and money, and for that gave new bonds and stocks.

The CHAIRMAN. The Illinois Central, as a stockholder, was assessed like other stockholders?

Mr. FISH. Yes, sir; and it contributed a large sum. It was treated on exactly the same basis as you or I or anybody else would be

53 treated. All that was ratified by the act of Mississippi that I referred to.

Mr. GREEN. As I understand the transaction, it was this: The Illinois Central Railroad advanced the money to the New Orleans, Jackson & Great Northern and the Mississippi Central roads to construct the road from Jackson, Tenn., to within 4 miles of Cairo under a contract by which the Illinois Central was to allow a part of the earnings that it derived from this southern traffic from these roads to go as a discharge or as a guarantee of the payment of the interest and principal on the bonds.

Mr. FISH. No, sir; that agreement—I have read it recently—that agreement was that a portion of the earnings should be invested in the purchase of the bonds, and not in the discharge and cancellation of the bonds. That was all tried out in 1887 when we came to fore-

close. Mr. Henry S. McComb, president of the Jackson road, set up exactly the contention that Mr. Green states now, and it was disallowed by the court. He set up that we bought those bonds to cancel and discharge them. The court would not allow it and granted
54 the foreclosure and gave us a judgment, the Illinois Central, in one case of some two millions six hundred thousand dollars, or two millions seven hundred thousand dollars for its bonds. I do not remember the amount.

Mr. GREEN. To refresh your memory, see if this does not state it correctly. I read from Poor's Manual of 1897, under the Illinois Central Railroad Company:

"In 1870 an organization known as the Southern RR. Association acquired control of both roads and began to operate them as one continuous line. In the following year the Illinois Central managers conceived the purpose of extending their system into the South, and negotiations were entered into with the owners of these railroads with the result of a traffic contract being entered into as stated before. Under this contract the Illinois Central bound itself to invest annually one-eighth of its earnings from traffic interchanged with the southern lines in their consolidated mortgage bonds to the extent of $100,000 per annum for ten years."

Is that correct?

55 Mr. FISH. Yes.

Mr. GREEN (continuing reading): "This contract was ratified at the annual meeting of the Illinois Central Railroad Company held March 12, 1872." Is that correct?

Mr. FISH. I think so.

Mr. GREEN (continuing reading): "But proving insufficient to produce the results aimed at, it was modified a year later to the extent of an engagement on the part of the Illinois Central to purchase outright $200,000 of the consolidated mortgage bonds of the southern companies annually to the extent of $6,000,000 in all."

Is that correct?

Mr. FISH. Yes, sir.

Mr. GREEN (continuing reading): "With this engagement to purchase, the southern companies were enabled to negotiate their bonds, and were thus provided with sufficient means to defray the cost of improving their roads and of extending the Mississippi Central from Jackson, Tenn., to Fillmore, Ky., about 4 miles from Cairo. The connection between the Illinois Central and the southern lines
56 was supplied by transfer steamers. The through line was opened for traffic on Dec. 24, 1873. In 1874 the Mississippi Central RR. Co. and the New Orleans, Jackson and Great Northern RR. Co. were consolidated under the title of the New Orleans, St. Louis and Chicago RR. Co."

Mr. FISH. That must not be confused with the Chicago, St. Louis & New Orleans Railroad Company.

Mr. GREEN (continuing reading). "In 1874 $5,000,000 of the bonds of these southern roads—gold 7s—with the engagement to purchase attached, were offered in even exchange for one million pounds of Illinois Central 5 p. c. bonds. This offer was promptly accepted and the issue of sterling sinking-fund bonds of 1903 made agreeably thereto."

Is that correct?

Mr. FISH. I do not remember that precisely; I think that is correct.

Mr. GREEN (continuing reading): "It was provided that these sterling bonds should be included in any mortage that might
57 be thereafter placed upon the Illinois Central's property, the total amount of such mortgage being limited to $15,000,000. Also, it was decided that the Illinois Central should retain the $5,000,000 of 7 per cent bonds received through this exchange and appropriate the interest therefrom to a fund to meet the interest on the sterling 5s and to gradually redeem the principal of them. Under date of April 1, 1874, a general mortgage for $15,000,000 was placed upon the property, and the provision before recited in respect of the inclusion of the sterling bonds of 1903 was observed. The general mortgage provided for the retirement of the $5,000,000 redemption bonds (of which $2,500,000 were paid off on April 1, 1875, and five hundred thousand pounds of these bonds issued in place of them, as stated before) besides affording a balance of "——

Mr. FISH. I can not follow you. You are getting beyond my memory.

Mr. GREEN (repeating reading). "The general mortgage provided for the retirement of the $5,000,000 redemption bonds."

Mr. FISH. That is the mortgage executed by the Illinois Central?

58 Mr. GREEN (continuing reading). "Of which $2,500,000 were paid off on April 1, 1875, and 500,000 pounds of these bonds issued in place of them, as stated before, besides affording a balance of about $5,000,000 of bonds for other exigencies of the company. Early in 1876 an issue of 200,000 pounds of these bonds, due in 1905, was disposed of to meet outlays for steel rails and for additional freight cars.

"The traffic arrangement between the Illinois Central and the southern lines did not immediately prove as satisfactory as was expected. The New Orleans, St. Louis and Chicago was forced to default on the interest due on the consolidated-mortgage bonds of its constituent companies in 1876, and on March 10th of that year the railroads south of Cairo were placed in the hands of receivers. Foreclosure proceedings were instituted by the Illinois Central, which owned a majority of the bonds upon which interest was in default. The New Orleans, Jackson and Great Northern was foreclosed March 17, 1877, and purchased in the interest of the bondholders,
59 who reorganized as the New Orleans, Jackson and Northern R. R. Co. on May 12, 1877. The Mississippi Central was sold Aug. 23, 1877, and reorganized as the Central Mississippi R. R. Co. on Nov. 5, 1877. On the same day the Central Mississippi and the New Orleans, Jackson and Northern were consolidated as the Chicago, St. Louis and New Orleans R. R. Co., and on Jan. 1, 1878, the management of that railroad was assigned to one of the Illinois Central's vice-presidents. In this way the Illinois Central obtained direct control of the railroad from Cairo to New Orleans."

That is the history of it, is it not?

Mr. FISH. No, sir; that is the history as Poor wrote it. If they had sent that to me, I would have modified it considerably.

Mr. GREEN. Wherein is it incorrect?

Mr. Fish. In that it does not give the whole story. It gives a story made up from documents published and does not give the whole story. Of course he omits entirely the question of the loss of interest from 1874 to 1882, which is very important on a matter of
60 some odd millions of bonds.

Mr. Green. Is that the only material matter?

Mr. Fish. I think it is like all of Poor's statements—sloppy. If I had noticed that at the time I would have written and told him "do not publish such trash as that."

Mr. Green. Mr. Fish, kindly tell us where the difficulty arises in this statement?

Mr. Fish. In going into infinite detail of no importance and missing the important part—the fact that the earnings were put into it and no interest taken out for ten years.

Mr. Green. As I understand you, you say that at the foreclosure sale of the New Orleans, Jackson & Great Northern Railroad at public auction in 1877, under the decree of the court, which railroad you describe as being then in such condition as to be hazardous to life, you and your associates bought that road at public auction for a million dollars?

Mr. Fish. The purchasing committee paid one million and fifty thousand dollars. They paid it in bonds and got a satisfaction on their bonds so far as a million dollars related to the whole amount of bonds.

61 Com'r Prouty. Were there not any underlying bonds you had to assume?

Mr. Fish. We bought subject to prior liens. The underlying liens on that road—I can remember pretty well what they were. They were four and a half million dollars of bonds and something rising five hundred thousand dollars of overdue coupons on those bonds—a little over five million dollars on 200 miles of railroad.

Mr. Green. That was the underlying charge—four and a half million dollars?

Mr. Fish. About five million dollars at 8 per cent—it was more than that.

Mr. Green. You bought the Memphis & Tennessee Road under foreclosure proceedings at public auction, did you not?

Mr. Fish. I think not.

Mr. Baxter. You failed to state what road it was that those underlying bonds were on.

Mr. Fish. The New Orleans, Jackson & Great Northern—five hundred thousand dollars or more of overdue coupons, all running at 8 per cent.

62 Mr. Green. You purchased at foreclosue sale the Memphis & Tennessee road, one hundred miles, running from Grenada to Memphis, at about four hundred and fifty thousand dollars?

Mr. Fish. No, I do not think we purchased that at foreclosure. I think you confuse that with the Mississippi Central, running from Canton to near Cairo.

Mr. Green. You bought the Mississippi Central at foreclosure and paid about four hundred and fifty thousand dollars for that?

Mr. Fish. In bonds, and got a judgment for the deficiency, which is of record there.

Com'r PROUTY. What were the underlying obligations there?

Mr. FISH. The amount of those I can not say—about five million dollars. There were about a million dollars of first mortgage 7 per cent bonds, which were in arrears for coupons for an indefinite period. There were second mortgage 8 per cent bonds, and a peremptory lien in favor of the State of Tennessee, which practically took the whole railroad in Tennessee, 113 miles, right out of the
63 middle of the railroad from the north line to the south line of the State of Tennessee, leaving the tail in Kentucky and the body, perhaps, in Mississippi.

Mr. GREEN. How many underlying bonds did you buy the Mississippi Central subject to?

Mr. FISH. Subject to, I should think, fully five million dollars, and in working it out we found there was a good deal more.

Mr. GREEN. And you paid about four hundred and fifty thousand dollars for it at public auction?

Mr. FISH. Yes, sir.

Mr. GREEN. And you and other bond holders who bought at this public sale reorganized on a basis of 20 cents on the dollar and stock for the amount of the bonds held by you, which were not covered by the purchase money at the sale, did you not?

Mr. FISH. Will you repeat that?

Mr. GREEN. You and the other bond holders who bought at that sale, reorganized on a basis of 20 cents on the dollar cash, and got credit for the amount of the bonds of the New Orleans, Jack-
64 son & Great Northern and Mississippi Central held by you in payment of your stock on reorganization, did you?

Mr. FISH. I do not understand your question.

The CHAIRMAN. Suppose, Mr. Fish, you would tell us what you did do.

Mr. FISH. I told you. We organized this company on the basis of so much stock, and that organization was approved by the legislature, conditioned that we should pay the State of Mississippi a debt which it claimed as due by the old company, which had been foreclosed, and which amounted to about one hundred and seventy thousand dollars, and which, as I remember, had been paid in Confederate money, and they did not like that. They wanted United States money. We did pay the one hundred and seventy thousand dollars.

Com'r PROUTY. Now, that was the origin of this ten millions of stock, was it?

Mr. FISH. Yes, it was created by act of legislature and the money paid.

Mr. GREEN. That is, the act of the legislature of Mississippi of 1878?

65 Mr. FISH. February, 1878, I think. I am not certain about it having been paid in confederate money. I always understood it had been. I know it was hard to get the money at that time. I borrowed it. We spent money we brought there, and we brought more there than we ever took out.

Mr. GREEN. You were present at the annual meeting of the Illinois Central stockholders in New York in 1903, were you not?

Mr. FISH. They had no meeting in New York.

Mr. GREEN. In Chicago?

Mr. FISH. Yes, sir.

Mr. GREEN. Did not you state at that meeting that the affairs of the Illinois Central Railroad Co. were never in a more prosperous condition?

Mr. FISH. No, sir; not to my knowledge.

Mr. GREEN. Did not you state that in a public meeting in the city of New York?

Mr. FISH. When?

Mr. GREEN. In July of this year.

Mr. FISH. No; I attended no public meeting in July. My
66 best recollection is that at the last stockholders' meeting I made no statement.

Mr. GREEN. At a meeting of the board of directors in New York did not you make a statement of that sort?

Mr. FISH. I have no recollection of it. I may have said that business was good. I have no recollection of such a statement.

Mr. GREEN. The newspapers attributed a statement of that sort to you.

Mr. FISH. If you will show it to me——

Mr. GREEN. That is the substance of it—that the Illinois Central was more prosperous than it had ever been in its previous career.

Mr. FISH. The newspapers are responsible for their statements.

Mr. GREEN. Is it not a fact that the Illinois Central had more traffic to haul during the year 1902–1903 than its motive power would transport?

Mr. FISH. Yes, sir; and it has been in that condition a good many years. It has been constantly, as you can see from the reports of the Illinois Central for 1903, table No. 8—it has been constantly
67 increasing its service to the public, and very rapidly. The service rendered to the public in the carriage of passengers one mile and tons of freight one mile in 1889, which is as far back as we can go, on account of a change in the fiscal year, was 1,203,982,725 units of transportation, and last year it furnished 5,631,975,907. That is to say, in those 13 or 14 years the service rendered to the public had become 4⅔ times as intense, and neither the gross earnings nor the net earnings had increased in any such proportion. We are rendering all the service we can with the limited means we have, and we are furnishing cars and engines as fast as we can get the money for them. Our new engines are not giving satisfaction. A great deal of talk has been made about big engines carrying more economically. I know of a division superintendent who got his general manager to take away 17 brand new big engines and give him back his teakettles. The new engines will not be a failure ultimately, but at present they are a failure. They do not carry heavy tonnage, for which they are designed, economically, and any man in the service of the Northwestern companies will testify to the same.

68 Com'r FIFER. What is the reason of that?

Mr. FISH. It is, as near as we can make out, the water. There is scale more in the northern part of the State—the water precipitates scale. We have always had that trouble, but when we lengthened the flues and widened the fire boxes and deepened and enlarged them in every dimension, then we found there was more metal to expand. The scale is a nonconductor and also keeps the water from

coming into actual contact with the iron. We have to burn more coal, and we run the risk of getting those fire-box sheets and crown sheets red hot. We are having more trouble with the new engines than we had with the old ones. That we may remedy, but at present we have not done so. It is costing us more to do the service than ever before. We had in the month of December an increase of about $127,000 in the gross revenue, and we had a loss of something over $300,000 net. Wages are up and coal is up, and the whole business is more expensive than I ever remember within my experience. We have the highest wages I ever remember.

Mr. GREEN. I understand you to say that for the last several years the Illinois Central Railroad has had more traffic offered it than its facilities could transport.

69

Mr. FISH. I think that is pretty nearly the truth, and we have struggled with that to do our duty the best we could.

Mr. GREEN. Now, I show you a printed circular [exhibiting circular], a piece of information of the Illinois Central Railroad Company, showing income from traffic for the five months ending November 30, 1903, and 1902, a comparison of the miles operated, gross receipts from traffic less operation expenses and taxes, excess of receipts over operating expenses and taxes, and gross receipts from traffic for the month of December, 1903, and the receipts for the month of December, 1902, estimated; signed in print by Alexander G. Hackstaff, secretary of the company. I will ask if that is a correct statement of your income account for the five months succeeding June 30, 1903, when your last report was made?

Mr. FISH. Yes; I said that the month of December showed an increase of $127,000. The increase in the gross is $26,962. The loss, however, in the net is about three hundred thousand dollars. That is correct so far as it goes. Of course that increase of $144,000 shown there was wiped out by the loss in December.

70

Mr. GREEN. This shows that the increase on traffic for the five months from June 30, 1903, to November 30, 1903, over the five months of the preceding year was $144,498; in other words, the net income increased $144,498 in these five months over the corresponding five months of last year.

Com'r PROUTY. Are you talking about the net?

Mr. GREEN. Yes, sir; the net.

Mr. FISH. That net was entirely wiped out in December, and with the bad weather in January I think we will get a further loss.

Mr. GREEN. We wish to offer this as an exhibit to the testimony of Mr. Fish.

(The same is hereto annexed and marked "Exhibit No. 1 to Mr. Fish's testimony.")

Com'r PROUTY. That is a statement of the Illinois Central.

Mr. FISH. That is a statement we send out monthly to the stockholders. That was furnished by some stockholder.

71

Mr. GREEN. What difficulties did you incur during December to increase your operating expenses?

Mr. FISH. The high price of labor, the high price of fuel and materials, the weather, and the failure of the big engines to do the work.

Mr. GREEN. How much increase was there in the wages of engineers in December over the December of the preceding year?

Mr. FISH. I can not say. Take labor all around, I think we have had an increase the last year of about 15 per cent.

Mr. GREEN. What; in December, 1903?

Mr. FISH. I could not tell you.

Mr. GREEN. What increase was there in December, 1903, in the price of coal as compared with December, 1902?

Mr. FISH. I do not think it was much higher, but it is much higher than normal on which our rates for the transportation of freight have been heretofore predicated.

Com'r PROUTY. How does the quality of your coal compare with what you have been getting.

72 Mr. FISH. I think we are getting a little better, especially from mines over which we have some supervision.

Mr. GREEN. The main difficulty is over the failure of the operation of your engines, is it?

Mr. FISH. Oh, no; the increased price of wages and the increased price of materials.

Mr. GREEN. What wages increased?

Mr. FISH. I said there was a general increase, I think, of about 15 per cent the last twelve months.

Mr. GREEN. I am speaking of December.

Mr. FISH. December as against December a year ago?

Mr. GREEN. Was there any increase in November, 1903, as distinguished from November, 1902?

Mr. FISH. I think wages were higher.

Mr. GREEN. Were they higher or lower in December, 1903, than in November, 1903?

Mr. FISH. I do not think there was any increase in December over November, 1903; that is, during that month.

Mr. GREEN. What percentage of loss is there by the failure of your big engines to work?

Mr. FISH. There is this: We had hoped for results and have
73 not got them. We have spent millions of dollars in buying them and they have not effected an economy in the transportation.

Mr. GREEN. Is it not a fact that your rails and track are not designed for very heavy engines, and that you experimented with two locomotives of 100 tons and that your track would not stand them?

Mr. FISH. It is a fact that our track is calculated to stand any engine that runs over it. We did experiment with two engines two years ago. There was no trouble about the track. The engines were not balanced well as to their parts, which is rather a technical answer. They did not work well, and the tenders behind them were too small and did not carry enough water to enable those engines to run from one of our water stations to another hauling full loads. In other words, they were not well balanced and did not carry along sufficient commissary supplies to make the march.

Mr. GREEN. What tonnage capacity are the bridges on the south end of your line from Cairo to New Orleans—what tonnage will they bear?

Mr. FISH. You would have to ask an engineer. A great
74 many of them are stone arches. We are putting in now a concrete arch which will hold anything you put on it. We have a bridge at Manchac, which is the only drawbridge on the

Southern Road with double trackwork. It *os* ordered and the material is on the way, and when I was there a few days ago I wanted to know why it was not on the ground and have not found out yet. It will be capable of carrying any weight you put on it.

Mr. GREEN. You have not that double-track bridge in now, and the one you have now is a wooden structure incapable of carrying a one hundred ton engine?

Mr. FISH. No, sir; it is iron. I will ask Mr. Wallace what it will carry?

Mr. WALLACE. It will carry anything we run on the Illinois Central. The only reason we are replacing it is that we can not make a double-track bridge out of a single track. The bridge is strong enough for any traffic on the road.

Mr. GREEN. Mr. Wallace testified in New Orleans, if I recollect correctly, that your road could not use effectively an engine to exceed 75 to 90 tons. Is that correct?

75 Mr. FISH. I do not know what he testified to, but I know we are using them.

Mr. GREEN. On what part of the line?

Mr. FISH. South.

Mr. GREEN. Up to what number of tons?

Mr. FISH. Eighty tons.

Mr. WALLACE. I would like to correct that. I do not think I made that statement. I said it was not an economical business proposition to work our heavy engines on the low-grade part of our line.

Mr. GREEN. In response to a question by Commissioner Prouty at the New Orleans hearing as to what was the capacity of your locomotives in the freight service—the tonnage of engines—you produced as to the road from Cairo to New Orleans, in 401 class, between McComb City and Gwin, 1,200 tons. McComb City is about 100 miles north of New Orleans, and Gwin is how far north of Yazoo City on the Yazoo and Mississippi Valley road?

Mr. FISH. I would have to look at the book to tell you.

Mr. GREEN. How far is it, Mr. Bowes?

76 Mr. ANDREWS. While you are getting that I desire to offer this [exhibiting paper], which Commissioner Prouty has asked for, showing the hauling capacity of these engines.

(The same is hereto annexed and marked "Exhibit No. 2 to Mr. Fish's testimony.")

Mr. GREEN. We will get that distance later. From Gwin to Memphis is over the Y. & M. V., is it not?

Mr. FISH. Yes, sir.

Mr. GREEN. And you can haul or have an engine capacity of 1,320 tons. From Memphis to Fulton you have an engine capacity of 900 tons, and from Fulton to Mounds you have an engine capacity of 1,200 tons?

Mr. FISH. I know nothing about those figures.

Mr. GREEN. You do not know anything about these?

Mr. FISH. It is a question of grades, I take it.

Mr. GREEN. As I understand this statement [referring to exhibit], you can not haul from McComb to Cairo a load in excess of 900 tons, because that is the lowest capacity of your engines over that line?

Mr. ANDREWS. That is furnished in connection with Mr.
77 Wallace's testimony, and he could probably explain it.

Com'r PROUTY. That refers, of course, to gross tonnage?

Mr. GREEN. Yes, sir. I was trying to ascertain how many cars they could haul.

Mr. ANDREWS. If you want to ask any questions in regard to it, Mr. Wallace is here and could explain that.

Mr. FISH. I have not seen the statement, and did not know it was called for.

Mr. BOWES. From Jackson to Gwin is 71 miles, and from McComb City to Gwin is 128 miles.

Mr. GREEN [presenting statement to witness]. Mr. Fish, I show you a statement of income, expenses, etc., from January 1, 1883, to June 30, 1903, of the Illinois Central Railroad Company, kindly furnished us by Mr. Andrews as being taken from the first vice-president's report of 1903, a compilation of figures. I will ask you to state whether or not that is correct.

The CHAIRMAN. It is presumably correct if furnished by the company.

Mr. GREEN. We have not the report, and this is an excerpt
78 from the report.

Mr. ANDREWS. That is—that page?

Mr. FISH. Yes; I am familiar with a similar page, and have no doubt that is correct.

Mr. GREEN. We wish to offer that in evidence.

(The same is hereto annexed and marked "Exhibit No. 3 to Mr. Fish's testimony.")

Mr. GREEN. Mr. Fish, is it not a fact that in 1886 the Illinois Central Railroad Company, desiring to increase its capital stock one million dollars, sold that one million dollars upon the market at 136, and that the proceeds were credited——

Mr. FISH. It made that issue of stock precisely as every other issue of stock since I have been in the service of the company, giving the stockholders the privilege of taking it, and the stockholders have taken it, except a little amount, and that was sold afterwards at that price or a little above.

Mr. GREEN. All of that million dollars was not sold then?

79 Mr. FISH. Very little of it was sold. Most of it was taken by the stockholders.

Mr. GREEN. Will you kindly produce and file with the Commission the monthly statement for December, 1903, and the monthly statement for January, 1904, showing the next income of the Illinois Central Railroad Company after deducting expenses—the companion sheets to the one just introduced in evidence?

Mr. FISH. Yes, sir; as soon as it is published. I think it is published now. I have not seen it. The January statement would be for December and the February statement for January. There is no trouble about getting those. They go to our stockholders every month.

The witness was excused.

Mr. GREEN. With the permission of the Commission we will call Mr. Hackstaff as a witness for complainants.

80 A. G. HACKSTAFF, a witness on behalf of the complainant, having been duly sworn, testified as follows:

Mr. GREEN. Mr. Hackstaff, you are third vice-president and secretary of the Illinois Central Railroad Company, are you not?

Mr. HACKSTAFF. Yes, sir.

Mr. GREEN. We have asked you to produce here the several increases of capital stock of the Illinois Central Railroad Company and what was received therefor. Have you the documents we have asked for?

Mr. HACKSTAFF. I have them all, except one. I can explain about that. It seems to me my clerks overlooked it. In 1886 the capital stock was $29,000,000. The directors recommended to the stockholders that it be increased ten thousand shares, one million dollars, and the stockholders had a right to subscribe at 136, the proceeds to provide elevators at Chicago and double track and new equipment.

81 The stockholders approved that and the issue was taken by the stockholders.

Mr. GREEN. At 136?

Mr. HACKSTAFF. At 136. After that all the various increases which I have here were taken at par. That one my clerk seems to have overlooked.

Mr. GREEN. Have you the statement of the increase of the capital stock in 1882 and 1883?

Mr. HACKSTAFF. Yes, sir.

Mr. GREEN. What does it show?

The CHAIRMAN. Are you taking them up in the order of time?

Mr. GREEN. No, sir; the most material ones I was directing attention to with a view to filing the others. In 1881 the capital stock was $29,000,000?

Mr. HACKSTAFF. Yes, sir.

Mr. GREEN. In 1883, according to Poor's Manual, it was $39,000,000?

Mr. HACKSTAFF. No, sir; in 1885 it was only $29,000,000.

82 Mr. GREEN. It was reduced in 1885 back to $29,000,000. It was increased, according to Poor, in 1883 to $39,000,000; in 1884 it was $39,000,000, and in 1885 it was reduced to $29,000,000, after the stock dividends was declared.

Mr. HACKSTAFF. Our books do not show such increase.

Mr. GREEN. What do they show as the capital stock in 1883?

Mr. HACKSTAFF. In 1883, $29,000,000.

Mr. GREEN. And in 1884?

Mr. HACKSTAFF. $29,000,000.

Mr. GREEN. What reference to the capital stock of the Chicago, St. Louis & New Orleans?

Mr. HACKSTAFF. None whatsoever.

Mr. GREEN. That is the full capital stock account of your road?

Mr. HACKSTAFF. Yes, sir.

Mr. GREEN. When was the dividend of ten million, or such part as was a dividend, declared to the Illinois Central stockholders?

Mr. HACKSTAFF. It was declared at a meeting of the board of

83 directors of the Illinois Central held at New York February 14, 1883.

Mr. GREEN. You have there the documents pertaining to it?

Mr. HACKSTAFF. Yes, sir.

Mr. GREEN. Don't your books show that the stockholders of the Illinois Central Railroad Company were paid interest on their payments on the stock account during its construction?

Mr. HACKSTAFF. That is away beyond my time. I could not tell you.

Mr. GREEN. We will read this into the record so as to save trouble.

"Extract from the minutes of the meeting of the board of directors of the Illinois Central Railroad Company, held in New York, February 14, 1883.

"Resolved, That a dividend of seventeen (17) per cent in the shares of the Chicago, St. Louis and New Orleans R. R. Co. be, and hereby is, declared payable by delivery of the certificates for said shares
84 on July 2nd next to the shareholders of the Illinois Central R. R. Co., registered on the books of the company at the close of business June 15th next, and that for such dividend the books of the company be closed from and after June 15th until the morning of July 5th following."

With a certificate of its correctness, will you file the several increases of capital stock as exhibits to your testimony, and that is all we desire.

Mr. HACKSTAFF. Yes. I think they are all certified with the exception of that one—that first million, from 29 to 30.

Mr. GREEN. Will you procure that and send it to the secretary of the Commission?

Mr. HACKSTAFF. If you desire it; yes, sir.

(The same are hereto annexed, and marked "Exhibits Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9 to Mr. Hackstaff's testimony.")

The witness was excused.

Mr. BAXTER. Mr. Bowers here has a matter which he wants
85 to lay before the Commission relating to the Gulf & Ship Island road, and as Mr. Bowe's will take quite a time, I have agreed with Mr. Bowers that he may bring in his part of the case now.

The CHAIRMAN. Will it take more than a few minutes?

Mr. BOWERS. About 10 minutes.

The CHAIRMAN. Then we will hear you now, Mr. Bowers.

Mr. BOWERS. I have some statements here, if the court please, with reference to some matters developed at New Orleans, taken from our books, which I introduce by agreement with the other side in lieu of the production of witnesses: First, a statement in reference to the percentage of earnings from lumber to total freight earnings for the year ended June 30, 1903, which shows 70.08 per cent. Percentage to total gross earnings for said period 55.03 per cent.

I have also a statement made by a traveling auditor of the Gulf & Ship Island Railroad Company from three large mills, showing the average amount of lumber sold each month during 1900, 1901, 1902, and 1903, with the price paid.

I have a statement showing the amount received by the Gulf & Ship Island Railroad Company from the sale of land
86 granted by the United States Government. It shows $249,568.

I have a statement showing the movement of cars over the Gulf and Ship Island from January 1st to October 31st, 1902 and 1903, for export.

I have a statement showing the amounts expended by the Gulf & Ship Island for construction and improvement of Gulfport Harbor to October 31, 1903, showing $1,664,773.17. General Miller, you made a request on us for the division sheets between the Gulf & Ship Island Railroad Company and the Pearl & Leaf River Railroad Company and the M. J. & K. C. Railroad Company. I desire to reserve a formal objection to the production of those papers, and with the benefit of that objection present them to you.

Com'r PROUTY. What are those roads?

Mr. BOWERS. The Mobile, Jackson & Kansas City, which begins at Mobile and runs in a northwestern direction to Hattiesburg. It branches out below Hattiesburg and goes straight north through the State, and it is designed to cross the New Orleans & Northeastern at about Laurel.

Com'r PROUTY. Do you receive lumber that originates on
87 that road, or deliver lumber to it that originates on your road?

Mr. BOWERS. We receive lumber from them. I will hand to the stenographer in a moment the statement with reference to the movement. I desire to call the attention of the Commission to the comparison between the years 1901 and 1902 and 1902 and 1903. The net carloads from January 1st to October 1st for the first year to the interior were 26,623 cars, and the net carloads to the interior for the same months of the year 1903 were 26,012, a loss of 611 cars in ten months. This loss is accounted for by several factors: First, by delivery by the Pearl & Leaf River Railroad, whose business formerly went largely over our line, to the M. J. & K. C. Railroad; second, by the burning of three of the largest mills on the line—the mills of Camp & Hinton, the J. J. Newman Lumber Company, and Bentley & Ward. The cut of those mills was shown on the examination of some witnesses for complainants at New Orleans. The loss
88 was further accounted for by the fact that the completion of the export facilities at Gulfport in the year 1903 necessarily attracted a lot of tonnage for export that had gone to the interior prior to that time.

I desire also to offer a letter received from the Provident Lumber Company, of Tifton, Ga., the object of which is to show that the purchasers of lumber have been paying the increase in rate.

Mr. GREEN. What has the Tifton, Ga., letter got to do with it?

Mr. BOWERS. It is not covered by your stipulation. It is an inquiry from a large shipper there as to when the increase in rate went into effect, and gives as a reason for desiring the information that they, as purchasers of lumber, have agreed to pay a certain advance in case the increase did go into effect.

Mr. MILLER. This letter does not show when the contract was made.

Mr. BOWERS. No, sir. I will read the letter and that will demonstrate what it does show.

89 Mr. MILLER. We do not think it is at all admissible, but it is not a matter of any consequence.

Mr. BOWERS (reading from letter):

"This lumber was purchased with the understanding that we were to pay 50 cents per M additional in the event that the then proposed increase should take effect before shipment went forward. We have

been billed with this 50 cents per M additional, and want to know just when the increase in rates to Butler took effect. Please advise us the old rate, when increase took effect, and present rate, Sumrall and McHenry, Miss., to Butler, Pa. Also advise if the increase has been continuously in effect since it was first put in. Was there not an injunction restraining the application of the increased rates for awhile after they had been in effect?"

Mr. MILLER. Are the prices given there?

Mr. BOWERS. No, sir. I will ask leave to file a copy of the letter and reserve the original.

Some reference was made to the terms of the purchase of the Laurel branch and the Columbia branch. I desire to file copy of the contract between Eastman, Gardiner & Co. and the Bradford
90 Construction Co. and the Gulf & Ship Island Railroad, which shows the terms of the purchase of what is known as the Laurel branch. The terms of the Columbia branch contract with Camp & Hinton were practically the same. That is all.

Mr. GREEN. What objection have you to filing the division sheets?

Mr. BOWERS. Just the technical objection that you are not entitled to demand them.

Mr. GREEN. We will offer these division sheets with the Mobile, Jackson & Kansas City road; the Illinois Central and the Gulf & Ship Island from Mobile, Jackson & Kansas City stations to points shown in the tariff, showing a division to the Mobile, Jackson & Kansas City road of 5 cents, to the Gulf & Ship Island 3 cents, and to the Illinois Central and beyond the balance, a division of 8 cents; also the Gulf & Ship Island Railroad division sheet on lumber from Pearl & Leaf River stations to points north of Jackson via Jackson and the Illinois Central Railroad; effective April 15, 1903, the Pearl & Leaf Rivers Railroad will receive on lumber delivered to
91 the G. & S. I. R. R. for shipment via Jackson four cents (4¢) to all stations on and north of the Ohio River, or basing thereon, and to other territories they will receive two cents per hundred pounds out of the through rate effective from those stations as quoted by the Pearl & Leaf Rivers Railroad.

Mr. BOWERS. In order to make my statement as to the point at issue clear I will say that the remaining two and three quarter millions were used to retire the old bonds.

The CHAIRMAN. Do those facts appear by the report?

Mr. BOWERS. No, sir; they do not—I do not know whether they do or not. I can make that statement under oath.

(The papers above referred to by Mr. Bowers are hereto annexed and marked "Exhibits Nos. 1, 2, 3, 4, 5, 6, 7, and 8, Gulf & Ship Island R. R.")

Mr. GREEN. In furnishing the statement for the Gary-Fatheree Lumber Co., the J. J. Newman Lumber Co., and the J. E. North Lumber Co., as to the number of feet sold and the average price, those concerns are all large exporters of lumber, are they not?
92 Mr. BOWERS. I know the Gary-Fatheree Lumber Co. is an exporter to a considerable extent, the North Company is to a less extent, and the Newman people I do not think export at all.

Mr. GREEN. Don't they cut lumber for export?

Mr. BOWERS. I do not know. My best judgment is that the Newman Company is not an exporter, that the North Company is to a

limited extent, and the Gary-Fatheree Company to a considerable extent.

Mr. GREEN. These prices do not show where the prices were, whether for export stuff or Central Traffic Association stuff. I will ask you to look at that annual report and see if it is not the Official Annual Report of the Gulf & Ship Island for the year 1902 to 1903?

Mr. BOWERS [after examining report]. Yes, sir.

Mr. GREEN. We will offer in evidence the annual report of the Gulf & Ship Island for the year ending June 30, 1903.

Mr. BAXTER. Are you going to put all that in?

Mr. GREEN. Most of it goes in. It makes a full statement
93 of the affairs of the Gulf & Ship Island and saves a vast amount of time in the examination of witnesses. I do not wish to read it now to the Commission.

The CHAIRMAN. We will take a recess until 2 o'clock.

At 12.35 o'clock p. m. the Commission took a recess until 2 o'clock p. m.

94 AFTER RECESS.

2 o'clock p. m.

Mr. BAXTER. I will examine Mr. Bowes.

FRANK B. BOWES, a witness on behalf of the defendants, having been duly sworn, testified as follows:

Mr. BAXTER. Mr. Bowes, you are the assistant traffic manager of the Illinois Central Railroad Company, are you not?

Mr. BOWES. Yes, sir.

Mr. BAXTER. How long have you occupied that position?

Mr. BOWES. A little over 13 months.

Mr. BAXTER. Have your duties during that time related to the making of freight rates charged by that company?

Mr. BOWES. Yes, sir; I have had general supervision.

Mr. BAXTER. How long have you been connected with the freight-traffic departments of railroads in the United States in addi-
95 tion to the time you have been with the Illinois Central?

Mr. BOWES. Well, I served my entire railroad career with the Illinois Central Railroad, a little less than 13 years in the freight-traffic department and the rest in the passenger department.

Mr. BAXTER. How do the rates on yellow pine lumber from Illinois Central stations in Mississippi to points on and north of the Ohio River, compare with the rates on lumber charged by other railroads in the same and other portions of the United States, for similar distances, between points similarly situated?

Mr. BOWES. They compare favorably with such rates.

Mr. BAXTER. Have you compiled as Exhibit A to your testimony a statement headed "Comparative statement showing rates in cents per hundred pounds, mileages, their relative carrying charges in mills per ton per mile, on lumber, carloads, to various points in Illinois, Michigan, Indiana, Ohio, etc., from the following territories: Southern yellow pine district, McComb, Miss., being representative basing
96 point; Arkansas-Louisiana shortleaf pine district, Texas longleaf pine district, Wisconsin white pine district, groupings being made of representative shipping points defined below; Pacific coast fir lumber district, rates being shown from Portland, Ore."

Have you compiled that statement?

Mr. Bowes. I have.

Mr. Baxter. Will you file it as Exhibit A?

Mr. Bowes. I will.

(The same is hereto annexed and marked "Exhibit A to Mr. Bowes' testimony.")

Mr. Baxter. Does said statement show distances and rates to 21 points of destination on and north of the Ohio River and east of the Mississippi River?

Mr. Bowes. It does.

Mr. Baxter. Does it show said distances and rates from each of said lumber producing districts to each of said points of destination?

Mr. Bowes. It does.

Mr. Baxter. Does it show the rates in cents per hundred pounds and the rates per ton per mile in mills?

97 Mr. Bowes. It does.

Mr. Baxter. To what competition is yellow pine from Mississippi subject in the territory on and north of the Ohio River?

Mr. Bowes. It is my understanding and information with the yellow pine from Arkansas and Texas, the Pacific coast fir, and the Norway pine from northern Wisconsin and central Wisconsin districts.

Mr. Baxter. Any pine from Michigan also?

Mr. Bowes. Our information is that Michigan pine does not come into that territory to any extent, but I imagine there is some of it, and comparing the rates themselves and the rate per ton per mile, using as a basis Warsaw, Wisconsin, which we understand to be a representative point for the shipment of that kind of pine into this territory——

Mr. Baxter. What are the rates of the Great Northern Railway on lumber from Everett, Washington, and the distances to the following points: First, to Naples, Idaho. Give us the distance and the rate.

98 Mr. Bowes. The distance from Everett to Naples is 402 miles and the rate is 27 cents per hundred pounds.

Mr. Baxter. And the rate per ton per mile?

Mr. Bowes. I have not figured that out.

Mr. Baxter. Well, we can do that. Now, to Nyack, Montana?

Mr. Bowes. The distance is 597 miles and the rate 34 cents.

Mr. Baxter. To Wagner, Montana?

Mr. Bowes. The distance from Everett to Wagner is 896 miles and the rate 39 cents per hundred pounds.

Mr. Baxter. How does the average rate per ton per mile received by the Illinois Central for the transportation of lumber from Mississippi, Alabama, and east Louisiana to points on and north of the Ohio River compare with the average rate per ton per mile on all other freight traffic carried by said company?

Mr. Bowes. It is less than the average.

Mr. Baxter. Do or do not the present rates on lumber prevent its free movement from Mississippi, Alabama, and east Louisiana territory to territory on and north of the Ohio River in competition

99 with yellow pine lumber from Georgia and Florida territory or with yellow pine lumber from Arkansas and Texas territory?

Mr. Bowes. It does not prevent the free movement of yellow pine lumber from Mississippi and Alabama territory.

Mr. BAXTER. How do the rates on yellow pine lumber from Mississippi, Alabama, and east Louisiana territory to the territory on and north of the Ohio River compare with the published rates from Georgia and Florida territory or the published rates from Arkansas and Texas territory to the same destination?

Mr. BOWES. The rates from the southern pine districts on our line in Mississippi and Louisiana and from the Arkansas districts are the same, and the rates from Group 1 in Georgia are also the same. I understand that from below there they are one cent higher.

Mr. BAXTER. Do or do not the rates on yellow pine lumber from Mississippi, Alabama, and east Louisiana territory to the territory on and north of the Ohio River enable it to compete successfully with any other kind of lumber that comes into the territory on and north of the Ohio River.

100 Mr. BOWES. We think they do; at least we have never been advised or informed that they do not.

Mr. BAXTER. Have you compiled as Exhibit C to your testimony a statement headed, "Statement of movement of pine lumber shown in carloads, through Cairo and Mounds, Illinois, for the year 1903, as compared with the year 1902?"

Mr. BOWES. I have.

Mr. BAXTER. Has the statement been correctly compiled?

Mr. BOWES. It has.

Mr. BAXTER. Will you file it as an exhibit to your testimony?

Mr. BOWES. I will.

(The same is hereto annexed and marked "Exhibit C to Mr. Bowes's testimony.")

Mr. BAXTER. Now, state from that exhibit how many cars were moved in each of said years.

Mr. BOWES (referring to statement). This statement comprises the movement of yellow pine lumber from points of origin in Alabama, Florida, Georgia, Louisiana east of the Mississippi River, and

101 Mississippi. It shows the movement by months in both years and for the two calendar years 1902 and 1903. This business moved through the Cairo gateway, or, more correctly speaking, through Cairo and Mounds, because in the arrangement of our tracks and physical conditions, brought about by the construction of the Cairo bridge, very little if any lumber is actually moved into Cairo. It is taken across the bridge to Cairo Junction, and then onward to Mounds, about 3 miles north of Cairo Junction. At Mounds we have great distributing yards. Trains are made up and lumber assigned to trains moving in the various directions. The statement of that movement shows a substantial increase during the year 1903.

Mr. BAXTER. Over what year?

Mr. BOWES. Over 1902; the total for 1903 being 20,540, as against 18,269 cars in 1902, an increase of 2,271 cars, or 12.4 per cent.

Com'r PROUTY. How does the movement for December, 1903, compare with December, 1902?

Mr. BOWES. The movement for December, 1903, shows a

102 slight increase; that is, a total of 1,137 cars in 1903, as against 1,019 cars in 1902, or an increase of 118 cars, or approximately 10 per cent.

Mr. BAXTER. Have you correctly compiled, as Exhibit D to your testimony, a statement showing rates on yellow pine lumber from

Illinois Central pine district to Cairo, Ill., Chicago, Ill., East St. Louis, Ill., Cincinnati, Ohio, Louisville, Ky., Jeffersonville, Ind., New Albany, Ind., Evansville, Ind., and Henderson, Ky., from November 1, 1887, to April 15, 1903, both inclusive?

Mr. Bowes. I have, excepting that some of our tariff records, while dating back to November 1, 1887, show rates to only a few of the points, but in the main we show rates to all the points as far back as April 20, 1889.

Mr. Baxter. And to some points as far back as November 1st, 1887?

Mr. Bowes. As far back as November 1, 1887.

Mr. Baxter. Will you file that as an exhibit to your testimony?

Mr. Bowes. I will.

(The same is hereto annexed and marked "Exhibit D to Mr. Bowes' testimony.")

103 Mr. Baxter. Does or does not said statement show the rates on box cars and on flat cars whenever there is a difference between them?

Mr. Bowes. It does.

Mr. Baxter. State whether or not during the entire period, from January 2, 1888, to May 1, 1894, the published rate from Arkansas territory to Cairo on yellow pine lumber was 13 cents.

Mr. Bowes. It was that rate during that period.

Mr. Baxter. And whether or not during the same period lumber from Mississippi and Alabama territory competed at a disadvantage with lumber from Arkansas in the territory on and north of the Ohio River.

Mr. Bowes. It did.

Mr. Baxter. State whether or not at all times previous to May 1st, 1894, the rates on lumber from Mississippi and Alabama territory to points on and north of the Ohio River were materially higher than those which were made effective May 1st, 1894.

Mr. Bowes. They were.

104 Mr. Baxter. State whether or not prior to May 1st, 1894, and under the higher rates that then obtained, Southern yellow pine lumber moved over the Illinois Central in considerable quantities from Mississippi and east Louisiana points.

Mr. Bowes. It did.

Mr. Baxter. State whether or not the lumber market was depressed between May 1st, 1894, and September 18, 1899.

Mr. Bowes. It is my information that it was.

Mr. Baxter. State what was the main reason for establishing the rate of 13 cents on May 1st, 1894, from Mississippi territory to Cairo.

Mr. Bowes. It was for the purpose of placing our mill interests in Mississippi and Louisiana on a parity with Arkansas. We found during the period in which this higher basis of rates was operated that the Arkansas mills were growing to the disadvantage of the Mississippi and Louisiana mills on our line, and that was the reason we made our rates the same on May 1st, 1894.

Mr. Baxter. During the period from September 9, 1899, to

105 April 14, 1903, did the lumber market in the territory on and north of the Ohio River improve or decline?

Mr. Bowes. It is my information that it greatly improved.

Mr. BAXTER. State whether or not prior to May 1st, 1894, there had always been a differential of not less than 2 cents per hundred pounds in the published rates to Cairo in favor of Arkansas as against Mississippi and Alabama.

Mr. BOWES. That is correct.

Mr. BAXTER. Are the present rates from Mississippi and Alabama to Cairo as low as the published rate from Arkansas to Cairo?

Mr. BOWES. They are.

Mr. BAXTER. How do the present lumber rates from Mississippi territory to Ohio River crossings compare with the rates prior to August 1st, 1889?

Mr. BOWES. Prior to August 1st, 1889?

Mr. BAXTER. Yes, sir.

Mr. BOWES. They are less than they were prior to August 1st, 1889.

Mr. BAXTER. What effect, if any, has the recent advance of 2 cents per hundred pounds in lumber rates had upon the sale of longleaf yellow pine?

106 Mr. BOWES. It is our information that there has been a free movement of yellow pine from our territory in which we are mostly interested, mainly Mississippi and Louisiana, and that can be substantiated by the statement I have furnished as one of my exhibits. We have, through the Cairo and Mounds gateway, increased our movement of yellow pine lumber from our own stations and those of the Gulf & Ship Island reaching us at Jackson 12.4 per cent.

Mr. BAXTER. Have the operating expenses of the Illinois Central Railroad increased more or less in proportion than the gross earnings?

Mr. BOWES. They have increased in greater proportion than the increase in gross earnings.

Mr. BAXTER. During the ten years from 1894 to 1903, inclusive, what per cent did the gross receipts increase and what per cent did the operating expenses increase?

Mr. BOWES. The only copy of that statement I had I handed to you. I did not retain a duplicate, and it is attached to your file.

[Paper handed to witness by Mr. Baxter.]

Mr. BAXTER. If those are shown I will ask this question:

107 Will you file, as Exhibit E to your testimony, a statement headed, "Statement of operating expenses and gross receipts, years ended June 30, 1894, to 1903, both inclusive, with increase and percentage of increase of each?"

Mr. BOWES. I will.

(The same is hereto annexed and marked "Exhibit E to Mr. Bowes' testimony.")

Mr. BAXTER. Mr. Bowes, has lumber been singled out as the one object on which to advance the rates of the Illinois Central Railroad to meet this difference in the increase in the gross earnings and operating expenses?

Mr. BOWES. It has not.

Mr. BAXTER. You, then, have made advances on other articles?

Mr. BOWES. We have.

Mr. BAXTER. Upon the facts stated by you, what is your opinion as to the reasonableness of the present lumber rates from Mississippi,

Alabama, and east Louisiana to points on and north of the Ohio River?

Mr. BOWES. We think the present adjustment is a reasonable one.

108 Mr. BAXTER. Are the rates charged by the Illinois Central Railroad on this lumber made by its own officers or made by agreement with competing lines?

Mr. BOWES. The rates charged on this lumber and all other traffic of the Ilinois Central are made by its officers exclusively.

Mr. BAXTER. Before the Illinois Central advanced its pine lumber rates, April 15, 1903, did it, or not, give notice to shippers of its intention to do so?

Mr. BOWES. It did.

Mr. BAXTER. Did it, or not, instruct its transportation department to do all in its power to furnish cars to move all lumber possible before said advance took effect, April 15, 1903?

Mr. BOWES. It did. I personally wrote the letter.

Mr. BAXTER. Mr. Enochs has testified in this case that lumber was not originally handled on scale weights but on an estimated basis of 4 pounds to the foot. If lumber was ever handled on estimated weights, what was such estimated weight, and when was the actual weight adopted?

109 Mr. BOWES. Mr. Enochs is only partly correct. As to certain conditions, an estimated basis of weights was used. Our records clearly show that the governing factor in arriving at freight charges on shipments of pine lumber was track-scale weights, and that rule extended back as far as 1889. I have letters to support that.

Mr. BAXTER. Without reading the letters, I wish you to state under what circumstances or conditions did you use estimated weights, if they were used under any circumstances?

Mr. BOWES. I will read from a circular issued by me when I was general freight agent at New Orleans, in March, 1897, addressed to agents on this question:

"Actual or scale weights shall be charged on green yellow pine lumber. Where cars are not weighed, or there is clearly an error in scale weights, settlements may be made on an estimated basis of 4½ pounds to the foot.

"It is understood that where a car has been weighed twice and there is a difference in the two weights of 10 per cent or more, it shall be evidence of an error, but a difference of less amount shall not be considered an error, and the highest weight shall govern.

110 "Where differences in scale weights exist at two points, the attention of the operating department shall be called to the fact, in order that the scales at such points may be properly tested."

That was following a rule that had been adopted in the Southeastern Freight Association, at that time known as the "Southern Railway & Steamship Association," and it was for the purpose of arriving at a proper basis where, on account of the length of the timber, or where the car happened to pass a track scale, or for any other good reason, the estimated weight would be used, but track-scale weights were to govern under all other circumstances.

Mr. BAXTER. Now, if in any case two or three cars were loaded with long lumber, you could not get at the actual weight?

Mr. BOWES. We had to use the estimated weight, and that is the practice to-day.

Mr. BAXTER. What is your present rule? Have you some rule on some of your tariffs or classifications?

111 Mr. BOWES. Yes, sir; here is an extract from a rule issued March 12, 1903:

"All lumber and timber requiring two or three cars for its transportation, and which can not be weighed, will be estimated at 3,800 lbs. per thousand feet for dressed, and 4,300 *feet* per thousand feet for rough lumber or timber, with minimum of 24,000 lbs. for each car used. Certificate showing number of feet loaded must be furnished by shipper and accompany waybill to destination."

That is the present rule in effect, the latest circular in regard to it.

Mr. BAXTER. I understood you to say that as far back as 1889 the rule has obtained to use actual weights wherever it can be done.

Mr. BOWES. Yes, sir; a telegram from the general freight agent at New Orleans, in charge in 1889—he was then assistant—says:

"Our files show conclusively that lumber was weighed on track scales as far back as 1889 and charges assessed on such weights. Our record does not go back of that date."

Mr. GREEN. Who wires that?

112 Mr. BOWES. Mr. Rhett, at present general freight agent at New Orleans.

Mr. BAXTER. Are you able to state what was the rate from southern Mississippi points to points in South Dakota and Wisconsin in 1894?

Mr. BOWES. No; I have not got that data with me.

Mr. BAXTER. Mr. Enochs states that the distance tariff of the Illinois Central Railroad makes a less rate to certain points in Illinois from southern Mississippi than the present rate made on the Cairo combination. Is that statement correct?

Mr. BOWES. I believe Mr. Enoch refers to Tariff M-741, and that tariff is one governing exclusively on the southern lines of the Illinois Central and is not applicable in either direction on traffic either to or from the Illinois Central traffic north of Cairo.

Mr. BAXTER. You mean north of the Ohio River?

Mr. BOWES. Yes, sir.

Mr. BAXTER. What is the rate on cement from New Orleans to Chicago? and explain the circumstances under which that rate was made.

113 Mr. BOWES. I had no knowledge of that matter coming up, but I understand the rate has been mentioned and can be easily corroborated.

Mr. BAXTER. Whatever it is, state the circumstances under which it is made.

Mr. BOWES. Of course, there is no cement manufactured at New Orleans. All cement from there is imported, and usually comes from Hamburg or Antwerp. Vessels bring it there in large quantities at times, as they do to other ports of the north and south Atlantic, and our rates from New Orleans to territory on and north of the Ohio River on imported cement are made with regard to competition from north and south Atlantic ports.

Mr. BAXTER. Mr. Barnett has filed a comparative statement of certain commodities moving from southern territory to northern

points, among them coffee, sugar, rice, salt, naval stores, lumber, and tropical fruits. Name the circumstances under which the rates on those commodities are made from New Orleans.

Mr. Bowes. The sugar rates from New Orleans to territory
114 on and north of the Ohio River are very largely affected by the Mississippi River competition. To illustrate that particularly I would say that for a period of years, probably 10 or 15, the rail lines from New Orleans to St. Louis did not participate in the sugar traffic—that is, they may have hauled, and we did haul an occasional car, but the volume is very large, and all that business moved for years by the barge line on a rate which had been frequently told us when we solicited that traffic, approximating 12½ cents a hundred. Our rate at that time, and for this period I refer to, was 20 cents a hundred. The effect of that adjustment was, as I mentioned, practically non-participation in the sugar traffic to St. Louis. Some few years ago I think, in or about 1900 or 1901, after consideration, and very careful consideration on our part, because we realized that possibly it meant a great deal in the subsequent effect on the rate adjustment to other territory, we decided to practically meet the boat competition, and after conference with the leading sugar interests in New Orleans, we were assured that if a rate of 15 cents a hundred was made on
115 that sugar to St. Louis, that they would be willing to recognize the railroad in distributing their product, and we accordingly established that rate. As I said further, this 20-cent rate, which had been the previous rate, was in effect for at least ten years, and possibly longer. That forcibly illustrates the element of competition which we had to face in fixing our rate on sugar; and what is true of sugar is more or less true of the other Louisiana products. The river cuts a figure in the handling of molasses. It handles a great deal of molasses to Memphis to-day in competition with the rail. It can handle rice as well as sugar, although rice now is largely shipped in sacks, and sacked stuff is not largely carried on the boats. The next articles of value we handle through New Orleans, of course, is tropical fruit—bananas. The rate from New Orleans to common points in the northern territory—Chicago, for instance, are adjusted relatively with the rates from New York, Philadelphia, and Baltimore, which are the other ports through which bananas are shipped, as well as through New Orleans and Mobile.

Mr. Baxter. How is it with reference to coffee?

116 Mr. Bowes. Coffee occupies a similar position to-day, so far as our road is concerned, with bananas—that is, the coffee shipments we handle are from South American countries. For a long while—for 15 years—New Orleans as a coffee market was indeed a very small one, New York being then, as it is now, the great coffee port of the country; but after considerable effort and work on our part we induced the coffee brokers and dealers at New York to handle some of their business through New Orleans. The question then, of freight rates came in and as to what the boats would be willing to take coffee for from Brazilian ports to New Orleans as against New York, since New York boats got outbound cargoes and New Orleans could not furnish them. But the rates primarily had to be fixed on the boat to New Orleans in order to get the business there in the first place, and we, in the second place, had to fix our rates in

relation to those from eastern ports to get into common markets in the north. That was the practical history of the coffee business.

Mr. BAXTER. How is it as to salt?

117 Mr. BOWES. The imported salt occupies the same relation that cement does to our movement.

Mr. BAXTER. Naval stores—how about that?

Mr. BOWES. Well, so far as we are concerned we do not originate any naval stores on our line. There are no trees boxed. There have been in years gone by. Practically the naval stores we now handle are from connections like the Gulf & Ship Island and the New Orleans & Northeastern. Of course that road, as an initial line, in common with the other roads that initiate the naval stores business, make the rates and we participate in them, but we have no voice, because we do not originate the traffic.

Mr. BAXTER. There seem to be certain kinds of lumber on which you have rates. Cottonwood and cypress have been referred to. What have you to say of those?

Mr. BOWES. The cypress rates were at one time the same as the pine rates, but they are now less, and there is an element that enters into the shipment of cypress that does not touch pine, and that is, again, the river. For years we lost and continued to lose a large amount of cypress lumber from Lutcher on the Y. & M. V. road that

118 had access to the Mississippi River. They would barge the lumber in large quantities for years, and they do it now, and we have not handled in the past 10 years of the St. Louis cypress lumber 40 per cent of that shipped, in my opinion. That is brought about by this same river competition.

Mr. BAXTER. Why is it that cypress moves by the river and yellow pine does not?

Mr. BOWES. Cypress lumber grows on streams tributary to the Mississippi River. It grows in the country adjacent to the Mississippi River, whereas pine lumber does not. There is a strip of cypress land south of Baton Rouge. That is all subject to the Mississippi River competition. It extends east up to the Illinois Central main line; but there is no pine raised south of Ponchatoula on our line, and it does not meet the same competition that the cypress lumber does.

Mr. BAXTER. Have you the price current issued by the Southern Lumbermen's Association of St. Louis, effective January 31, 1903?

Mr. BOWES. I have.

119 Mr. BAXTER. Does it contain a table of weights of yellow pine revised and adopted at Memphis, January 25, 1902?

Mr. BOWES. It does.

Mr. BAXTER. How many kinds of lumber comprised in the long leaf are shown?

Mr. BOWES. Twenty-seven.

Mr. BAXTER. How do they range in weight per thousand feet?

Mr. BOWES. They run from § ceiling, a thousand pounds to the thousand feet, up to 6 by 8, rough, green, 4,300 pounds.

Mr. BAXTER. What is the average of those 27 kinds of lumber—the average weight per thousand feet?

Mr. BOWES. About 2,700 pounds.

Mr. BAXTER. Using 2.700 as an average, as a basis, the 2 cents per hundred pounds advance on lumber recently made would amount to how much per thousand feet?

Mr. BOWES. Fifty-four cents on the average.

Mr. BAXTER. What is the distance by the shortest route via the Illinois Central Railroad from Jackson, Miss., to Cairo, East Cairo, Evansville, and Louisville?

120 Mr. BOWES. The distance from Jackson to East Cairo is 365 miles. As I explained, we do not handle this lumber traffic through Cairo. The construction of the bridge creates a distance which, when we went by ferry, was only one mile from East Cairo to Cairo, now is about seven miles by rail.

Mr. BAXTER. Well, then, the distance——

Mr. BOWES. To East Cairo is 365 miles.

Mr. BAXTER. And to Cairo?

Mr. BOWES. About 371 or 372 miles.

Mr. BAXTER. What is the distance from Jackson, Miss., to Evansville by your shortest route?

Mr. BOWES. About 515 miles.

Mr. BAXTER. And the distance from Jackson, Miss., to Louisville, by your shortest route?

Mr. BOWES. 595 miles.

Mr. BAXTER. What proportion does the Gulf & Ship Island Railroad receive out of the rates on lumber originating on that road destined to points north of the Ohio River, east of the Mississippi River and west of the Buffalo-Pittsburg line?

121 Mr. BOWES. Seven cents per hundred pounds.

Mr. BAXTER. On a shipment originating on the Gulf & Ship Island Railroad, destined to Columbus, Ohio, what revenue would the Illinois Central receive per ton per mile for its haul from Jackson, Miss., to Evansville or Louisville, as the case may be?

Mr. BOWES. Well, I would have to get the rates north of Louisville and Evansville to get that.

Mr. BAXTER. You have not figured that out?

Mr. BOWES. No, sir; I have not.

Mr. BAXTER. Will you figure it out and furnish it?

Mr. BOWES. I will.

(This answer will be found in paper filed as Exhibit F to Mr. Bowes' testimony annexed hereto.)

Mr. BAXTER. On a shipment originating on the Gulf & Ship Island Railroad, destined to Indianapolis, Indiana, what rate per ton per mile would the Illinois Central receive up to Evansville or Louisville, as the case might be?

Mr. BOWES. That would be the same question.

(This answer will be found in Exhibit F to Mr. Bowes' testimony.)

122 Mr. BAXTER. State the through rates from points in southern Mississippi to Columbus, Indianapolis, and Peoria, and state whether same points may be considered as fairly representative points in the States of Ohio, Indiana, and Illinois, respectively.

Mr. BOWES. I think they can be safely considered as representative points for rates from the southern district on our line; to Peoria, the rate is 25 cents; to Indianapolis, 26 cents, and to Columbus, Ohio, 29 cents.

Mr. BAXTER. State the distances from Jackson, Miss., to East Cairo and Cairo via the Illinois Central's shortest line.

Mr. BOWES. 365 and 371 miles.

Mr. BAXTER. Can McComb City be fairly considered a representative point on the Illinois Central south of Jackson?

Mr. BOWES. It can. It is almost in the center of the pine belt.

Mr. BAXTER. What is its distance from Jackson, Miss?

Mr. BOWES. 77 miles.

123 Mr. BAXTER. What rate per ton per mile does the Illinois Central road earn on lumber from McComb City to Cairo and to East Cairo by the Illinois Central short line?

Mr. BOWES. To East Cairo it is 6.2 mills per ton per mile.

Mr. BAXTER. How much to Cairo?

Mr. BOWES (referring to paper). That is shown here as Cairo.

Mr. BAXTER. The rate is the same?

Mr. BOWES. No; the bridge is taken out. It shows the proportion south of Cairo. To East Cairo, that is our basis.

Mr. BAXTER. On lumber moved from McComb City over the Illinois Central through Louisville to Columbus, Ohio, what revenue would the Illinois Central receive, and what rate per ton per mile?

Mr. BOWES. By Louisville?

Mr. BAXTER. Yes, sir.

(This answer will be found in Exhibit F to Mr. Bowes' testimony.)

Mr. BAXTER. What revenue would it receive for the business moved via Evansville, and what rate per ton per mile?

(This answer will be found in Exhibit F to Mr. Bowes' testimony.)

124 Mr. BAXTER. Have you prepared a statement for an average month showing the number of cars of lumber originating on the line of the Illinois Central proper, south of Jackson, Miss., destined to Ohio River points and beyond, and for the same month a statement showing the number of cars of lumber delivered to the Illinois Central Railroad by the Gulf & Ship Island, the A. & V., and the N. O. & N. E., and by any other connections south of Jackson for transportation to the Ohio River and beyond?

Mr. BOWES. I did not get that request from you in time, but I can give it approximately, I think.

Mr. BAXTER. Can you furnish it?

Mr. BOWES. It will take some time to get the information from the agents. We have sufficient data to say about what it would be.

Mr. BAXTER. What would it be?

Mr. BOWES. The Gulf & Ship Island and the A. & V.—the A. & V. cut very little figure. Their deliveries to us at Jackson are very small. It would approximate 50 per cent of the total business that goes north of Jackson.

125 Mr. BAXTER. Do you mean that 50 per cent is delivered to you by the A. & V. and the Gulf & Ship Island?

Mr. BOWES. Yes, sir; approximately.

Mr. BAXTER. And by the New Orleans & Northeastern?

Mr. BOWES. They do not connect with us. We get their deliveries through the A. & V. Pine-lumber traffic handled by the Illinois Central would approximate 50 per cent originating at its own stations south of Jackson and 50 per cent delivered to it at Jackson, Miss., by the A. & V. and the Gulf & Ship Island.

Mr. BAXTER. Have you prepared a statement showing what a wagon ordinarily charges for hauling one ton of lumber one mile in the cities of Chicago, Cairo, Memphis, and Jackson, Miss., respectively?

Mr. BOWES. I have got some information as to what it costs in some of the towns. I will read it for you. Our representative at Memphis——

Mr. BAXTER. State what they range between.

Mr. BOWES. At Memphis they say they charge one dollar
126 for hauling one ton of yellow-pine lumber one mile. At Chicago it is estimated at from 40 to 50 cents, with a higher price in the downtown district. Jackson, Miss., could not respond on that. Cairo says about 58 cents a ton.

Mr. BAXTER. This recent advance of 2 cents per hundred pounds in the rate on lumber—does all that advance go to trunk lines operating between southern gateways and the Ohio River, or is that 2 cents advance divided between those trunk lines and lines connecting with them, like the Gulf & Ship Island?

Mr. BOWES. So far as the Gulf & Ship Island is concerned, we get the advance of 2 cents from Jackson to East Cairo.

Mr. BAXTER. I suppose the Southern does the same?

Mr. BOWES. I presume so.

Mr. BAXTER. State the bridge tolls charged by each of the Ohio River crossings, Cairo, Evansville, Louisville, and Cincinnati?

Mr. BOWES. Cairo, 2 cents per hundred pounds; Evansville, 1½ cents; Louisville, 1 cent, and Cincinnati, 2 cents.

Mr. BAXTER. Those are the charges on lumber?

Mr. BOWES. On lumber.

127 Mr. BAXTER. In certain financial statements filed in this case, showing operating expenses, gross earnings, etc., I notice a heading "Overcharges and repayments." Explain to the Commission what items go to make up those overcharges. Are they secret rebates to shippers, refunded to them and entered in the books of the company under that head, or what are they?

Mr. BOWES (referring to papers). I have a memorandum here.

Mr. ANDREWS. While he is looking that up, I desire to offer in connection with his testimony statement of receipts, operation expenses, etc., of the main line and Kosciusko Branch, Memphis Division, and Louisville Division of the Chicago, St. Louis & New Orleans Railroad for the years ended June 30, 1902 and 1903. It gives gross receipts, operating expenses, net income from operation, capital stock, etc. That is, the present Chicago, St. Louis & New Orleans Railroad, which is at present being operated by the Illinois Central.

(The same is hereto annexed and marked "Exhibit G to Mr. Bowes' testimony.")

128 Mr. ANDREWS. There was also called for by Commissioner Prouty a comparative statement of results of operations for the month of September, 1903 and 1899, which I now offer.

(The same is hereto annexed and marked "Exhibit H to Mr. Bowes' testimony.")

Mr. ANDREWS. There was also requested the general balance sheet of the Illinois Central Railroad Company, December 31, 1860, which I now file.

(The same is hereto annexed and marked "Exhibit I to Mr. Bowes' testimony.")

Mr. ANDREWS. Also a profile of the railroad from Jackson, Miss., to Cairo by way of Gwin, Memphis, and Fulton, and I think also the line from McComb City south and by way of Clarksdale—that is to say, the profile of the route over which the great part of this lumber travels. That is what was asked for, I believe.

(The same is hereto annexed and marked "Exhibit J to Mr. Bowes' testimony.")

Mr. WALLACE. There are three other routes by which that lumber may be handled, but that is the route over which the
129 largest part has been handled.

Mr. GREEN. Can not Mr. Wallace state in the record without examining these profiles the maximum grades?

Com'r PROUTY. I think he did that in a general way at New Orleans.

Mr. WALLACE. I can give them now. The maximum is 20 feet as far north as Memphis, and between Memphis and Fulton they have been 66 feet to the mile and north of Fulton 38 feet, but the grades between Memphis and Fulton are now in process of reduction, although the work is not quite completed, against northbound traffic. These profiles show these grades, their length, and position.

Mr. GREEN. What was the reduction between Memphis and Fulton?

Mr. WALLACE. The reduction we are working on is from 66 to 26. It is 126 miles long and the work has been under way a year and is not completed.

Mr. GREEN. Is it not practically completed so that you can work trains over it?

Mr. WALLACE. We do not get the full advantage of it yet.

130 Mr. ANDREWS. I have another exhibit which I would like to offer. Complainant's counsel made a statement that the Illinois Central Railroad Company had filed with the Mississippi railroad commission a statement giving the capital stock, funded debt per mile of road, and cost of equipment per mile of road, which did not correspond with the statement which they rendered this Commission. I desire to offer here these four sheets. [Exhibiting papers.] I will read the certificate.

I hereby certify that the four sheets hereto attached, numbered 19, 25, 29, and 57, are exact copies of the corresponding numbered pages filed with the Mississippi railroad commission, as part of the report of the Illinois Central Railroad Company, as lessee of the Chicago, St. Louis & New Orleans Railroad and Canton, Aberdeen & Nashville Railroad, for the year ended June 30th, 1903.

(Signed) JOHN C. WELLING,
Vice-President.

(The same is hereto annexed and marked "Exhibit K to Mr. Bowes' testimony.")

131 Mr. ANDREWS. These four sheets I now offer were omitted in statement made by counsel for the complainants—that is, they did not undertake to give the entire report made to the Mississippi commission. These four sheets explain and demonstrate that there is

no conflict between the report made to the Mississippi commission and the report made to this Commission and that there is not the water in the capitalization as represented. I desire to attach to the four sheets as explanatory this statement. [Indicating.]

Mr. GREEN. We did not have your reports. We were taking them from the Mississippi commission, as that was our sole source of access to them.

Mr. ANDREWS. But you did not take all the sheets, and if you did you would find that the statement showing water did not exist.

Mr. GREEN. I think counsel is mistaken about that.

Mr. BAXTER. Please recur, Mr. Bowes, to the question I put to you.

Mr. BOWES. I will ask to have the question repeated.

(The question was repeated by the stenographer, as follows:)

132 "In certain financial statements filed in this case, showing operating expenses, gross earnings, etc., I notice a heading, 'Overcharges and repayments.' Explain to the Commission what items go to make up those overcharges. Are they secret rebates to shippers, refunded to them and entered in the books of the company under that head, or what are they?"

Mr. BOWES. The information I received from our freight claim agent is not as extensive as you would like by your question. He took three years, 1901, 1902, and 1903, and showed the amount of money under the head of overcharges in each of the three years, as contrasted with the total freight receipts of each of the three years, and the percentage I figured out myself, but the work of compiling just what that amounted to—Mr. Andrews thought we ought to get three years—was something he could not undertake to do. But I think I can state practically what "overcharges" cover.

Mr. BAXTER. That will answer my purpose.

Mr. BOWES. I may not be complete about it, but I think I

133 can cover it in the main. I will say, to start with, that it does not include anything in the shape of a rebate. We have no rebates.

Mr. BAXTER. You mean a secret rebate?

Mr. BOWES. A secret rebate; yes, sir. Now, take the item of switching alone, where the agent at Chicago, for instance, pays the switching charges on traffic we have to deliver to other roads under competitive conditions. He pays the amount and takes the necessary receipt; at the end of the month he makes up a statement and files a claim. That in Chicago amounts to thousands of dollars, and the same is true of other large cities like St. Louis, Memphis, and New Orleans, where switching charges are absorbed by the different railroads on competitive charges and in which the shipper or consignee is not the beneficiary.

Com'r PROUTY. Why do you call that an overcharge?

Mr. BOWES. I am explaining that that is the way it is classified. It is really not an overcharge at all. It is included in the overcharge account. They are two kinds, overcharges and loss or damage. They really ought to be separated.

134 Com'r PROUTY. That is really part of your operating expense?

Mr. BOWES. It is in a way.

Com'r PROUTY. What it costs you to get the traffic there?

Mr. BOWES. Yes, sir; exactly; but the authority to pay that and absorb it is a traffic function and comes from the traffic department, instructing the agent to do that, and that covers a great deal of this money. It is called an overcharge.

Com'r PROUTY. Your accounting officer treats that as a repayment?

Mr. BOWES. Yes, sir.

Com'r PROUTY. He makes no distinction whether it is paid to some other railroad company for the performance of a service or whether it is paid back to the shipper?

Mr. BOWES. Well, wherever it is paid to the shipper—no; we would not have such an arrangement now.

Com'r PROUTY. Suppose a shipper makes a claim that he is charged too much.

135 Mr. BOWES. That would be a claim for a refund. If he suffered this penalty, it would be a proper refund to make. Then we have overcharges caused by incorrect rates quoted by our own agents or agents of foreign lines. That constitutes quite a large amount. But there is a class of claims, particularly on the southern lines, that amounts to a great deal, and that is put in the same catagory. They are called overcharges. That is where grain, for instance, to the northeast where reconsigning arrangements are in vogue at Cairo, Memphis, or Ohio River crossings, the amount is paid out and a relief claim in that case made, or, if paid to the shipper, it is covered by the tariff and we refund down to the basis of the rate. Those are refund claims and constitute a large amount of money so far as our southern lines are concerned. We also have these reshipping rates on hard-wood logs. They are put into effect for the purpose of controlling the raw material from local territory shipped into competitive territory. We charge the local scale of rates and when the material is manufactured and reshipped

136 we refund down to a net reshipping basis, and that is duly published and filed with the Commission—all these arrangements are. That comes in and constitutes quite a large amount of money. But those three causes are in the main responsible for the total amount paid for overcharges. It does not cover anything known as a secret rebate.

Com'r CLEMENTS. Does that statement show the gross amount for each of these three years?

Mr. BOWES. Yes, sir; it shows a decrease for 1903.

Com'r CLEMENTS. Is it a percentage, or is it in dollars?

Mr. BOWES. It is shown in dollars and also in percentage.

Mr. ANDREWS. It is stated here [referring to paper] for year ended June 30, 1901, total freight receipts, $26,176,657.87; overcharges, $1,300,319.10, which is 4.97 per cent of the total freight receipts. For the year ended June 30, 1902, total freight receipts, $29,396,143.90; overcharges, $1,685,361.48, the percentage being 5.73, compared with 4.97 the year before. For the year ended June 30, 1903, total freight receipts, $32,430,651.97; overcharges, $1,838,557.65, or 5.67 per cent of the freight receipts.

Com'r CLEMENTS. Could you give us a statement extending

137 that statement back?

Mr. BOWES. Yes, sir; I can do better than that. The last few days our people are looking over the claim department with a

view to improving the situation, and that is going to result in a very close analysis of the causes of increase in claims. The idea is to apply some remedy to the growing tendency and to help the general situation. When that investigation is completed, I shall be in good shape to furnish the Commission with the matter more in detail than I can to-day, but it will show substantially what I have stated as the main causes for these overcharges.

Mr. BAXTER. What they want is to run this statement back.

Com'r CLEMENTS. Say three years further back.

Mr. ANDREWS. That is shown in the reports made to the Commission. I took this out of the report and went back to the granting of the injunction at Chicago to show that our rebates or overcharges were not more now since that injunction was granted than they were prior to the granting of it.

138 Com'r CLEMENTS. If it is in the annual report, you need not furnish it. While we are on that subject, you know that there was a few years ago a good deal of demoralization from the payment of rebates generally. The roads all did that more or less a few years back. What I wanted to ask was, did that apply to the lumber business? I do not mean the last two or three years, but when that practice that prevail.

Mr. BOWES. I was made general freight agent of the southern lines of the Illinois Central in 1895. I had charge there until January 1, 1903, and during that time I can absolutely state that we did not make any such statement for a refund from the published tariff rates on lumber.

Mr. BAXTER. Please state the through rate from Hattiesburg, Miss., to Decatur, Illinois, on lumber, and what proportion out of said rate the Illinois Central Railroad receives for its haul between Jackson, Miss., and East Cairo, and what rate per ton per mile said proportion yields by your direct line?

Mr. BOWES. The rate from Hattiesburg would be the same
139 as from McComb City to East Cairo, destined to a point in Central Freight Association territory. We would allow the Gulf & Ship Island, hauling the lumber from Hattiesburg to Jackson, 7 cents per hundred pounds. That would leave 9 cents from Jackson to Cairo, and would result in a rate per ton per mile from Jackson to East Cairo of 3.86 mills.

Mr. BAXTER. Will you figure that out accurately?

Mr. BOWES. That I have had figured accurately.

Mr. BAXTER. State the through rate from Hattiesburg, Miss., to Indianapolis, Ind., and what proportion the Illinois Central would receive for its haul from Jackson, Miss., to Evansville, Ind., and what rate per ton per mile said proportion yields via the direct line of the Illinois Central to Evansville?

(This answer will be found in Exhibit F to Mr. Bowes' testimony.)

Mr. BAXTER. Please state the through rate from Hattiesburg, Miss., to Columbus, Ohio, and what proportion out of said rate the Illinois Central receives for its short haul between Jackson,
140 Miss., and Evansville, Ind., and what rate per ton per mile said proportion yields via the direct line of the Illinois Central Railroad?

(This answer will be found in Exhibit F to Mr. Bowes' testimony.)

Mr. BAXTER. Out of the through rate from Hattiesburg, Miss., to Indianapolis, Ind., just referred to, what proportion would the I. C. receive for its haul between Jackson, Miss., and Louisville if the business moved via Louisville, and what rate per ton per mile would said proportion yield to the Illinois Central up to Louisville?

(This answer will be found in Exhibit F to Mr. Bowes' testimony.)

Mr. BAXTER. Out of the through rate from Hattiesburg, Miss., to Columbus, Ohio, just referred to; what proportion would the Illinois Central receive for the haul from Jackson, Miss., to Louisville, if the business moved by Louisville, and what rate per ton per mile would said proportion yield to the Illinois Central up to Louisville?

(This answer will be found in Exhibit F to Mr. Bowes' testimony.)

141 Mr. BAXTER. Out of said through rate from Hattiesburg, Miss., to Columbus, Ohio, what proportion would the Queen & Crescent receive between Meridian and Cincinnati, and what rate per ton per mile would said proportion yield to the Queen & Crescent for its haul between Meridian and Cincinnati?

Mr. BOWES. I could not answer that question.

Mr. BAXTER. Can you not get those divisions?

Com'r PROUTY. I think they are in the case already.

Mr. BAXTER. Out of the through rate of 25 cents from Hattiesburg, Miss., to Decatur, Ill., what proportion would the Mobile & Ohio receive for its haul from Meridian to Decatur, and what rate per ton per mile would that be?

Mr. BOWES. I could not answer that. That may be in the case, too.

Com'r PROUTY. I think it is.

Mr. BAXTER. Out of the rate from Hattiesburg, Miss., to Decatur, Ill., please state what rate per ton per mile the proportion accruing south of the river yields to the Gulf & Ship Island and the Illi-

142 nois Central, considered as one line; in other words, from the point of origin to East Cairo, taking the mileage of the Gulf & Ship Island and the I. C., what rate per ton per mile would be yielded to the through line from Hattiesburg to East Cairo?

Mr. BOWES. From what point?

Mr. BAXTER. From Hattiesburg. Are you prepared to answer that now?

Mr. BOWES. I do not know the distance exactly. I can get that figured out to-night.

(This answer will be found in Exhibit F to Mr. Bowes' testimony.)

Com'r PROUTY. Do you call this business that originates on the Gulf & Ship Island profitable business for the Illinois Central?

Mr. BOWES. Yes, sir.

Com'r PROUTY. When the rate to Cairo was 13 cents—there was a time it was 13 cents, was there not?

Mr. BOWES. Yes, sir.

Com'r PROUTY. What part of that rate did the Illinois Central receive when the business originated at Hattiesburg?

143 Mr. BOWES. I think that 13-cent rate was before the time of the completion of the Gulf & Ship Island Road. September 8th, 1889, the rate was 14 cents to Cairo.

Com'r PROUTY. At that time what did you receive?

Mr. BOWES. The rate was 14 cents per hundred pounds and we received 7 cents from Jackson to Cairo.

Com'r PROUTY. That was the rate when you had the contract with the Gulf & Ship Island?

Mr. BOWES. That was the rate when negotiations were opened between the Gulf & Ship Island and our people looking towards the handling of their traffic; yes, sir.

Mr. BAXTER. When you speak of the rate just referred to by Commissioner Prouty as being profitable, do you mean the Illinois Central can afford to carry all its traffic at such rates?

Mr. BOWES. No, sir; I do not.

Mr. BAXTER. What do you mean by the word "profitable?"

Mr. BOWES. Well, in the first place, I should say that if we considered it unprofitable we would not engage in it; but it yields us,
144 of course, a less measure of profit than the business we handle ourselves, but it increases the volume, and naturally, as the volume is increased, we can afford to handle traffic at something less than when it is not.

Com'r PROUTY. Mr. Fish said this morning that you had more business than you could do all the time, as it was.

Mr. BOWES. Yes, sir; that is correct. We could handle all the business that was offered us at the time the Gulf & Ship Island connected with us and for some time afterwards. We struggle to handle all delivered to us now.

Mr. BAXTER. If the Illinois Central had not allowed the Gulf & Ship Island a division of 7 cents a hundred on lumber originating on the line of the Gulf & Ship Island Railroad, what would have become of that line?

Mr. BOWES. Well, I imagine they would have found other outlets for it. The other connections of theirs at that time possibly might have done as well by them as we did and would have gotten the traffic. They had a connection at Hattiesburg with the Northeastern and at Gulfport with the Louisville & Nashville, besides having an outlet at the Gulf for export business. Their export business
145 amounts to a great deal. I have no figures to show what they get on export traffic, but it approximates a good figure, I understand, and therefore we had three chances of not handling the traffic. The whole question is simply this: We made the best trade we could. We negotiated with the Gulf & Ship Island, and we did not give them 7 cents because we wanted to or liked to, but we felt, after a great deal of negotiation and after trying to get them to accept less, that our interests would be best served by granting their demands.

Mr. BAXTER. Please state what proportion would accrue to the combined line of the Gulf & Ship Island and the I. C. up to Evansville on business from Hattiesburg to Indianapolis, and what revenue per ton per mile would the combined line earn up to Evansville.

(This answer will be found in Exhibit F to Mr. Bowes' testimony.)

Mr. BAXTER. Please state what proportion would accrue to the combined lines of the Gulf & Ship Island and the Illinois Central up to Evansville on business from Hattiesburg to Columbus, Ohio, and what revenue the combined line of the G. & S. I. and the
146 I. C. would earn per ton per mile up to Evansville.

(This answer will be found in Exhibit F to Mr. Bowes' testimony.)

Mr. BAXTER. Please state what proportion would accrue to the combined lines of the G. & S. I. and I. C. up to Louisville on business from Hattiesburg, Miss., to Indianapolis, and what revenue per ton per mile the combined line would earn up to Louisville.

(This answer will be found in Exhibit F to Mr. Bowes' testimony.)

Mr. BAXTER. Please state what proportion would accrue to the combined line of the G. & S. I. and the I. C. up to Louisville on business from Hattiesburg, Miss., to Columbus, Ohio, and what revenue per ton per mile the combined line of the G. & S. I. and the I. C. would earn up to Louisville.

(This answer will be found in Exhibit F to Mr. Bowes' testimony.)

Mr. BAXTER. That is all.

Mr. ANDREWS. Mr. Bowes, I understand you have a statement of the earnings of the Illinois Central Railroad Company for the
147 past six months, including the month of December last?

Mr. BOWES. Yes, sir; it has just been received.

Mr. ANDREWS. State whether or not this statement for those six months shows a profit or loss on the southern lines; and if so, which is it, and how much is it?

Mr. BOWES. It shows for the southern lines a decrease during that period—a net decrease during that period, or a decrease in net receipts during that period of $129,809.16 over the same period in 1902.

Mr. ANDREWS. What does the gross show for that period for those lines?

Mr. BOWES. The gross receipts show an increase of $873,379.00.

Mr. ANDREWS. What does it show in reference to the entire Illinois Central system for that period?

Mr. BOWES. It shows a decrease in the net receipts for the entire Illinois Central system during the six months ended December 31, 1903, as compared with the same period in 1902 of $157,040.90.

Mr. ANDREWS. What is the gross for that period for the Illinois Central?

148 Mr. BOWES. The gross receipts for that period in 1903 were $24,032,382.00, as against $22,056,985.00 for the same period in 1902, an increase of $1,975,397.00 in gross receipts.

Mr. ANDREWS. Have you got the earnings for the month of December, 1903, separate?

Mr. BOWES. No, sir; this is a six month's compilation.

Mr. ANDREWS. Do I understand you have the report for the month of December alone?

Mr. BOWES. No, sir; I had only the five months when I came.

Mr. ANDREWS. We will get that in a moment. We will find it and offer it presently.

Com'r PROUTY. Have you filed that six month's statement which Mr. Bowes just referred to?

Mr. ANDREWS. No, sir; the general manager just got this before he left. It is the only copy we have. We can furnish it. If the Commission desire it, we will have a copy made and filed.

Com'r PROUTY. Does it show the figures by months, or simply the total?

149 Mr. ANDREWS. No, sir; it says "Results of operation for six months ended December 31, 1903 and 1902."

Com'r PROUTY. That does not contain anything really, except what Mr. Bowes has read?

Mr. ANDREWS. That is all.

The CHAIRMAN. Your road issues a monthly statement to stockholders, does it not?

Mr. ANDREWS. I do not know whether it is monthly or not. I think it is. They do issue a statement, I think, monthly.

The CHAIRMAN. I think it would be easy for you to furnish those statements for the last six months of 1903?

Mr. ANDREWS. Certainly. I do not know whether we can do it now. We will send them from Chicago.

Com'r PROUTY. Mr. Bowes, what is the rate now from Group No. 1 in Georgia to Cincinnati—24 cents?

Mr. BOWES. I think it is. I have not that tariff.

Com'r PROUTY. What would be the effect if that rate from that group were reduced to 20 cents, giving a Cairo rate from Georgia—the same as it is now?

150 Mr. BOWES. That would have the effect of handling the business to Cincinnati.

Com'r PROUTY. What effect would it produce on rates from Mississippi territory?

Mr BOWES. Naturally, it would affect as a basing point—it would be 4 cents less than it is now in constructing rates into central territory.

Com'r PROUTY. At the present time your rate to Cincinnati is also 24 cents?

Mr. BOWES. From the southern pine district to Cincinnati it is 23 cents.

Com'r PROUTY. If the rate were reduced from group 1, Georgia, would that make a reduction from Mississippi points?

Mr. BOWES. It undoubtedly would to certain territory tributary to Cincinnati, where the rates would be constructed on that combination. I could not say offhand what it would be, but, taking a point like Dayton, if it is 24 cents it would be 4 cents more margin on which to construct a through rate.

Com'r PROUTY. At the present time these rates all make through Cairo?

151 Mr. BOWES. Yes, sir.

Com'r PROUTY. And to reduce that 4 cents——

Mr. BOWES. I think it would affect certain points. I have not figured on it, but that is my opinion offhand.

Com'r PROUTY. My point was this: If the rate to Cincinnati were reduced so that they had the benefit——

Mr. BOWES. And without shrinking rates from Mississippi territory to beyond——

Com'r PROUTY. Would you also insist on the same combination through Cincinnati from Mississippi?

Mr. BOWES. We would have to do that or pass out of the traffic for our mill men in Mississippi. We would have to meet the rate to Cincinnati.

Com'r PROUTY. You think it necessary that all of these markets north of the Ohio River should be equally open to all this yellow-pine territory in the South?

Mr. BOWES. It strikes me that that is the most equitable way for all interests. I admit it looks somewhat of a hardship that the rate to Cincinnati from southeastern territory appears to be higher,
152 as contrasted with the rate to Cairo, but I have never seen a plan advanced that would bring about, on the whole, a better adjustment than exists now on the basis of competition.

153 Mr. ANDREWS. That, I understand, is the report of operation for the month of November?

Mr. BOWES. Yes, sir.

Mr. ANDREWS. How does the net compare, for December, of the southern lines?

Mr. BOWES. The net receipts for December, 1903, were $516,416; for December, 1902, they were $625,047, a decrease in net receipts of $108,631.

Com'r PROUTY. Does that statement which you hold in your hand show what items the great additional expense was incurred in?

Mr. BOWES. No, sir; it just mentions operating expenses, taxes, e.c.

Com'r PROUTY. It is not divided up to show labor, fuel, etc.

Mr. BOWES. No, sir; it is not itemized to cover that.

Mr. ANDREWS. Give us similar data for that month with reference to the entire Illinois Central System, gross earnings, as compared with last year, and the net--whether a decrease or increase is shown.

Mr. BOWES. For the entire line for December, 1903, the
154 gross receipts were $3,806,150.31; for December, 1902, they were $3,787,102.32, an increase in 1903 of $19,047.99.

Mr. ANDREWS. For the whole line?

Mr. BOWES. Yes, sir; for the whole line.

The CHAIRMAN. And the net shows what?

Mr. BOWES. The net receipts for the whole line, December, 1903, were $1,127,424.05, as against net receipts in 1902 of $1,428,963.12, a decrease in net receipts for the month of December, 1903, as against 1902, of $301,539.07.

Cross-examination:

Mr. GREEN. You were the head of the traffic department of the lines of the Illinois Central south of the Ohio River up to 1895, were you not?

Mr. BOWES. No, sir; from May 1st, 1895, until January 1st, 1902.

Mr. GREEN. You are familiar with the character of products that constitute the traffic in that section of the country, are you not?

Mr. BOWES. I think so.

155 Mr. GREEN. Will you please name the principal articles to the Commission out of which the railroads make revenue; I mean the body of them.

Mr. BOWES. For the southern lines as a whole?

Mr. GREEN. Yes, sir; the southern end of the Illinois Central road—your own road.

Mr. BOWES. Of the entire southern system of lines of the Illinois Central?

Mr. GREEN. Yes, sir.

Mr. BOWES. I think I can.

Mr. GREEN. Name them, please.

Mr. Bowes. Take them from the south to the north, starting at New Orleans; we handle large quantities of Louisiana products, which consist of sugar, rice, and molasses, and large quantities of cypress lumber, and a fair amount of import business; a large amount of banana traffic, and coffee shipments. Further north we run into the pine lumber section, and handle, of course, large quantities of pine lumber. In the same section, where the land has been cleared, we handle considerable cotton and a large amount of garden truck at certain seasons of the year. As we get out of the pine belt, Jackson, Mississippi, we handle more cotton from there north and less
156 lumber, the lumber we do handle being hard-wood lumber. Our cotton traffic is very large in that section, clear up the line to the Memphis parallel. After we get north of there, there is some early garden truck, berries, etc., handled in addition to quite a little wheat and more cotton; also some lumber. That is on the main line of the Illinois Central. Getting over to Memphis, of course, our great traffic there is lumber and cotton, outbound. As we come north from Memphis we run through the cotton country into grain and tobacco country, striking tobacco about where the cotton growing leaves off, extending clear up the Louisville division to almost Louisville. On the Louisville division we have a good deal of coal. The coal mines furnish a large amount of traffic. That constitutes the business, you might say, that originates in the southern line territory.

Mr. Green. Cotton-seed oil products?

Mr. Bowes. I intended to get to that. There is a great amount of cotton-seed oil products handled, of course, with cotton.

Mr. Green. That constitutes the body of the traffic from the south to the north?

Mr. Bowes. Yes, sir.

157 Mr. Green. The most of the traffic in sugar, rice, naval stores, bananas, and cotton-seed oil products arise in the city of New Orleans, do they not?

Mr. Bowes. The Louisiana products almost exclusively reach us at New Orleans. Of course the import business comes to us at New Orleans.

Mr. Green. There are large quantities of sugar and rice in Louisiana which are marketed in New Orleans?

Mr. Bowes. Yes, sir.

Mr. Green. Large quantities of rice?

Mr. Bowes. It is brought in there in the rough state.

Mr. Green. It is raised in Louisiana?

Mr. Bowes. Yes, sir.

Mr. Green. So there is a large body of the products that you handle to the north, in sugar, rice, and cotton-seed products, that originate in New Orleans on your own line and which are not exported or imported, is there not?

Mr. Bowes. There is a great deal that originates on our own line, but I say rice does not originate on the Illinois Central Railroad, neither is it grown in New Orleans.

Mr. Green. I meant Louisiana, of course.

158 Mr. Bowes. You said New Orleans. We have, of course, to receive that at New Orleans. Neither is sugar grown in New Orleans. It is raised in Louisiana and brought down and up the river.

Mr. GREEN. But New Orleans is the great sugar and rice market, where the crops of Louisiana are sold, and that is where they get on to your rails?

Mr. BOWES. Yes, sir.

Mr. GREEN. How many lines of steamboats are there out of New Orleans that run to St. Louis?

Mr. BOWES. At the present time?

Mr. GREEN. Yes, sir.

Mr. BOWES. There is some barge competition at the present time between St. Louis and New Orleans, handling grain southbound and bringing back north some of these Louisiana products.

Mr. GREEN. What organized line of steamboats is there, if any, from New Orleans plying to St. Louis?

Mr. BOWES. I do not know that there is a regular organized packet or steamboat line at the present time, but there are barge lines—barges chartered by these shippers in St. Louis—that do carry
159 large quantities of merchandise to New Orleans and bring back large quantities of these Louisiana products.

Mr. GREEN. Is not this barge competition, which you say brings these things south and takes back a cargo north—is it not a fugitive and unsteady sort of business?

Mr. BOWES. River competition is not as potent a factor to-day as it was some few years ago, when the St. Louis and New Orleans line, known as the Anchor Line, was running packets weekly or semi-weekly between St. Louis and New Orleans. But competition is still there. We should like to feel it was not.

Mr. GREEN. Is it not a fact that the railroads have run the Anchor Line, plying between St. Louis and New Orleans, out of business?

Mr. BOWES. I would not attribute the way they handled their business to the railroads, or say they ran them out. I think they ran themselves out.

Mr. GREEN. But they are out?

Mr. BOWES. The original Anchor Line crowd are out, as I understand it.

Mr. GREEN. That was the only line of boats left, or remaining, of the old vessels or fleet between St. Louis and New Orleans?

160 Mr. BOWES. I think that was the last standard packet line; but I want to again state that while there is no regualr line, like the Anchor Line, there are still regular barges and tows from St. Louis to New Orleans, which do fix the rates on grain very largely at times, and not only on grain but flour from St. Louis mills, and they drop it off at Vicksburg, Baton Rouge, and New Orleans, etc. We have that competition, but that is not as strong as when the Anchor Line was running.

Mr. GREEN. There are no boats running regularly between St. Louis and Cairo and New Orleans, are there?

Mr. BOWES. I think there is. Those Pittsburg boats go down there at stated intervals.

Mr. GREEN. Those boats tow barges of coal.

Mr. BOWES. They tow barges of coal, but they have accommodations for both passengers and freight traffic, and at certain seasons of the year carry large quantities of freight.

Mr. GREEN. Coming south?

Mr. BOWES. Yes, sir.

Mr. GREEN. I am speaking of regular, established lines. Those are used in towing barges of coal.

161 Mr. BOWES. They tow boats that carry coal, but the boat that tows the barges is a first-class steamer, or was up to a year ago, I know. The "City of Pittsburg," for instance, used to carry down a tow of coal barges and had quite a large list of passengers. I remember quite a large number of people going down from Louisville to New Orleans to attend the Mardi Gras, on that boat, and when it came back it carried Louisiana products. I have seen them discharge the stuff at the wharf in Louisville.

Mr. GREEN. Didn't they get up a special excursion to go to New Orleans?

Mr. BOWES. I know they went to New Orleans and took back a cargo of freight. I know that, for I saw it.

Mr. GREEN. Is it not a fact that there is no line of boats—a regular, established line—now between either Cairo and St. Louis and New Orleans, or Pittsburg and New Orleans?

Mr. BOWES. I would not state that to be a fact. I am not positive on that.

Mr. GREEN. Now, then, the tows of which you speak are loaded with grain coming south, are they not?

Mr. BOWES. Grain and flour, very largely.

Mr. GREEN. They leave St. Louis with grain and compete

162 with your grain business on the railroad, coming south?

Mr. BOWES. Very largely.

Mr. GREEN. That is where you meet the competition, is it not?

Mr. BOWES. We meet it south bound on grain and flour, and when those boats go back they take any freight they can get.

Mr. GREEN. Those towboats—as I understand you, there is no regular line of that sort?

Mr. BOWES. There is no regular line, Judge Green, like the Anchor Line, but there is a barge line, as we call it when we refer to that competition from St. Louis in grain and flour, and they do sometimes handle other freight. It is referred to by our people as the barge line. It is known to us in dealing with the question every day as the barge line. I do not know who owns these barges; I am not sure as to that, but some of the grain people at St. Louis do.

Mr. GREEN. You have spoken of the cars over your road carrying lumber north. You do not mean to say that that is a census of all the lumber that was transported from the Mississippi territory during that time referred to?

163 Mr. BOWES. I mean by that statement what it will show very readily at a glance, and that is this: It covers all the pine-lumber traffic that the Illinois Central Railroad handled, either from its own points or from points in Alabama, Georgia, and Florida, reaching us at the various junctions at points north of Jackson, Mississippi.

Mr. GREEN. This business which is transported to points north of Cairo, it does not cover traffic over the Mobile & Ohio?

Mr. BOWES. No, sir.

Mr. GREEN. Nor the Louisville & Nashville?

Mr. BOWES. No, sir.

Mr. GREEN. It is only the account of your road?

Mr. BOWES. Our own business; yes, sir.

Mr. GREEN. What was the average receipt per ton per mile of the whole system of the Illinois Central road during the years 1901 and 1902?

Mr. BOWES. For the fiscal year ended June 30, 1901, our rate per ton per mile on the entire line movement was 6.19 mills; in the fiscal year 1902 it was 6.22 mills.

Mr. GREEN. For the fiscal year to June 30, 1903?

Mr. BOWES. For 1903 it was 5.91 mills.

164 Mr. GREEN. I understood you to say that on lumber shipped from McComb City, which you stated to be a fairly representative point in Mississippi, to Cairo, Illinois, over your own rails, you netted 6.02 mills per ton per mile?

Mr. BOWES. Yes, sir; as shown on that statement.

Mr. GREEN. Is that on the 16 cents rate, or the 14 cents rate?

Mr. BOWES. That is the rate per ton per mile to East Cairo.

Mr. GREEN. On the 16-cent basis or the 14-cent basis?

Mr. BOWES. It is on the 16-cent basis, with of course the bridge toll taken out.

Com'r PROUTY. Who owns that bridge at East Cairo?

Mr. BOWES. The Chicago, St. Louis & New Orleans Railroad.

Com'r PROUTY. Why do you take the bridge toll out?

Mr. BOWES. We do not feel that those few miles over the bridge should be put in against the mileage of the railroad. It probably cost a million dollars a mile. We feel that is proper treatment of the question. It is similar to deductions made at various crossings before rates are prorated or divided. It is done at Cincinnati, where the same charge is in effect, and at Louisville and Evansville, and

165 it would be unfair to regard the three miles and a fraction, costing nearly four million dollars, for three or four miles of railroad. It costs us a great deal to maintain it—more than to maintain the railroad proper. Naturally, we feel that it should be treated as a separate proposition, and its treatment is no different from that adopted at other river crossings.

Mr. GREEN. That bridge was built by the Chicago, St. Louis & New Orleans Railroad Company, was it not?

Mr. BOWES. That is my understanding.

Mr. GREEN. And there were bonds of the Chicago, St. Louis & New Orleans Railroad Company, bearing 5 per cent, issued for its construction, were there not?

Mr. BOWES. I can not answer that. I am not conversant with the financial features of it; I have never studied that.

Mr. GREEN. Is it not a fact, or do you know, that the Illinois Central issued its bonds to cover the bond issue on this bridge of the Chicago, St. Louis & New Orleans Railroad Company at a lower rate of interest and upon such terms as that, by the saving in the rate of interest, the initial bonds will be paid for at maturity, or about that time?

Mr. BOWES. I do not know that.

166 Mr. GREEN. What is the rate per ton per mile on lumber originating at McComb City under the 14-cent rate?

Mr. BOWES. I stated that, with the bridge toll taken out. This shows it based on East Cairo.

Mr. GREEN. What was the amount on the 14-cent rate—not the 16-cent rate—on the 14-cent rate?

Mr. BOWES. I thought you meant the 16-cent rate. I have not figured that. I can give it to you. It would figure 5.43 mills on the basis of the 14-cent rate to Cairo, and taking the two cents for the bridge out.

Mr. GREEN. Before the bridge was constructed you transferred the freight at Cairo by steamer, did you not?

Mr. BOWES. By ferry.

Mr. GREEN. And made no charge for it?

Mr. BOWES. Oh, yes; yes, indeed.

Mr. GREEN. You made a charge for the ferry?

Mr. BOWES. My recollection is—and that goes back a good while—the bridge was built in 1889. I was with the road and had been with it for a good many years before. The Interstate Ferry Company, I think, was the predecessor of the Cairo bridge, and we allowed the two cents per hundred just the same. That is my recollection.

167 Mr. GREEN. Hattiesburg, on the New Orleans & Northeastern, is about a parallel point with McComb City on the Illinois Central, is it not?

Mr. BOWES. Yes, sir.

Mr. GREEN. And under the 14-cent rate you got 5.41, as I understand?

Mr. BOWES. 5.43.

Mr. GREEN. And under the 16-cent rate you get 6.02?

Mr. BOWES. Yes, sir.

Mr. GREEN. And your average per ton per mile in 1903 for all commodities was 5.91?

Mr. BOWES. For the fiscal year 1903 it was 5.91.

Mr. GREEN. Then, at the 16-cent rate—giving 6.02—is above the average rate per ton per mile on all the traffic of your road, is it not?

Mr. BOWES. It is on that statement; yes, sir.

Mr. GREEN. Do you think by reason of the character of lumber and its ease in transportation that lumber should be made to bear a greater rate per ton per mile than the average rate on all other commodities of the road?

Mr. BOWES. That is not the average rate per ton per mile on lumber, by any means.

168 Mr. GREEN. I am speaking about lumber originating in this territory, in Mississippi.

Mr. BOWES. When we treat of the lumber question we can not separate the lumber interests, say, of the Illinois Central, and then take lumber over on the Gulf & Ship Island and say that is another thing, and the New Orleans & Northeastern and say that is still another thing. It seems to me so long as the lumbermen on the Gulf & Ship Island and the Illinois Central—so long as they pay the same rate per ton per mile to Cairo that there is no point or any reason for comparing the rate at points on the Illinios Central.

Mr. GREEN. There is no obligation on the New Orleans & Northeastern to exact tolls from the public to pay dividends on the Illinois Central, nor vice versa on the Illinios Central to pay dividends on the Northeastern, as I understand it. We want to know what you get on your road as an individual proposition.

Mr. Bowes. It is on that statement.

Mr. Green. And you get more per ton per mile for lumber than you do for the average of all other commodities handled on your road?

Mr. Bowes. For the fiscal year ended June 30, 1903, that
169 was so, but it is not so for the first five months of the present fiscal year.

Mr. Green. We will get to that presently. I am speaking about 1902 and 1903.

Mr. Bowes. I am speaking about the present.

Mr. Green. You made this advance, or determined to make it, in December, 1902, and it was promulgated in April, 1903?

Mr. Bowes. April 15, 1903, the rate was partially restored to its former figure.

Mr. Green. We are inquiring into the status of your road during that period. The rate was restored to what?

Mr. Bowes. To the basis that had been in effect for years and before August 1st, 1889.

Mr. Green. As a traffic man, as a traffic manager, would you say that with the operative conditions of the Illinois Central Railroad in 1902–1903 that rates should be predicated upon the fiscal and operative conditions of that road in 1889?

Mr. Bowes. I dare say that the present exhibit of our operating department, testified to by Mr. Wallace and Mr. Fish this morn-
170 ing—that the exigencies of the present time call for just as liberal treatment as in 1889. We have endeavored to show you just what that means with us; for one month there was a loss of $300,000, compared with the gross receipts of the year previous—in one month. That is the situation, and that is brought about, as explained by Mr. Wallace and by Mr. Fish, by the enormous increase in wages, cost of material, and equipment. I think as a traffic man that the situation at the present time at least requires as liberal treatment.

Mr. Green. The question is whether you, as a traffic manager of large experience, desire this Commission to understand that you would predicate rates in 1902–1903 upon the performance of the Illinois Central road in 1889.

Mr. Bowes. Well, I will tell you; I am just stating that we have not returned to the condition that was in effect prior to August 1st, 1889. My object in station that was to show that after that period we had reduced rates gradually to meet depressed conditions and to stop the increase of the Arkansas mills at the sacrifice, or you might say, the disadvantage of Mississippi, and after those times had changed and things resumed normal conditions the rates
171 were gradually restored, but not wholly; so that was my object in stating that this was a partial restoration which had taken place; that we had not gotten back to what existed prior to August 1st, 1889.

Mr. Green. The right to fix a rate, as I understand it, is determinable by what is fair consideration for the public service rendered by the carrier in the premises. Do you want this Commission to understand that you, as an accomplished and experienced traffic manager, would predicate rates in 190'–1903 upon the operative conditions of the Illinois Central in 1889?

Mr. Bowes. Well, I can not speak from the freight-transportation standpoint in 1889, as I was not in the freight department that year, and I would not want to make a statement bearing on it unless I did have that personal knowledge of the freight business in 1889.

Mr. Green. You have referred, and Mr. Fish referred, to the statement that there had been a considerable decrease or falling off in December, 1903, of some three hundred thousand dollars.

Mr. Bowes. Yes, sir.

172 Mr. Green. Do you know what that arose from?

Mr. Bowes. It is my understanding, Judge, as I told you a moment ago, that it was because of the increase in wages, materials——

Mr. Green. Stop right there, please. What wages increased?

Mr. Bowes. I understand Mr. Fish stated to-day that it would be approximately 15 per cent over a year ago.

Mr. Green. I am asking now for your own knowledge, and not for what Mr. Fish knows.

Mr. Bowes. I am talking about the information given by our officers in charge, to the effect that wages have increased in all the various branches of the service.

Mr. Green. What was the last increase in any scale of wages that you know about in your department?

Mr. Bowes. You see, we do not have charge of the rank and file—the officials in the traffic department do not. We have not had any increase in the clerical force.

Mr. Green. You only know of these alleged increases from what other people have told you?

Mr. Bowes. From what our general manager has told me, of course.

173 Mr. Green. Is it not a fact that the Illinois Central Railroad had one of the worst disasters in its history at Kenwood, Louisiana, in December, when there were some sixty-odd people killed and wounded—a rear-end collision—and was not that a source of the payment of large amounts immediately to the injured in settlement of those injuries?

Mr. Bowes. I could not answer that, but I will say that there were not sixty killed—twenty-five.

Mr. Green. Sixty killed and injured, I said.

Mr. Bowes. I have no knowledge of what was paid in that disaster.

Mr. Green. It was one of the worst in the history of your road, was it not?

Mr. Bowes. Yes, sir; one of the worst we have had.

Mr. Green. You pay taxes in Louisiana, Tennessee, Mississippi, and Kentucky in December, do you not?

Mr. Bowes. I do not know anything about that; it is not in my jurisdiction.

Mr. Green. Do you know how much of this decrease is due to expenses in double tracking?

Mr. Bowes. No, sir; I do not know whether there was any. Mr. Wallace can answer that.

174 Mr. Green. How long has it been that in your office you have kept a separate account of the northern and southern ends of the Illinois Central as to traffic?

Mr. Bowes. In what respect?

Mr. Green. As to earnings.

Mr. Bowes. They have been kept for a long while—kept separate. They are not compiled by the traffic department, but furnished by the auditor.

M. Green. What do you know in your department—what does the traffic department know as to the financial necessities of your railroad?

Mr. Bowes. We know this, Judge: We are told by our executive officer, in charge of both operating and traffic, of the enormous increase in the cost of operating the road, attributable to those items I have related—increases in the cost of wages, increases in the cost of supplies, equipment, and various other things. We are told of this, and subsequently furnished with figures showing these heavy increases in operating expenses, exceeding the increase in gross receipts, and that was the basis upon which we considered an advance in freight rates.

175 Mr. Green. When were you furnished with the information by any financial officer of your road of the necessity of an increase in rates during the year 1902?

Mr. Bowes. I think it came along about—probably September or October, 1902, was the first time.

Mr. Green. Who informed you?

Mr. Bowes. At that time I think the information to me was conveyed by our traffic manager.

Mr. Green. At that time?

Mr. Bowes. Yes, sir.

Mr. Green. What information was given to you?

Mr. Bowes. Substantially what I have just related as to these expenses. His attention was called to it by the executive officer, and it was thought proper that we should, where we could without placing any burden on traffic, try and get a part of this enormous increase made up in earnings, and that is the basis upon which we worked.

Mr. Green. How many cars, Mr. Bowes, do you figure on, as traffic manager, the capacity in tons, that can be transported from McComb City to Cairo?

Mr. Bowes. Tons of freight?

176 Mr. Green. Yes, sir.

Mr. Bowes. About 1,000 tons.

Mr. Green. Do you know?

Mr. Bowes. Well, I should say we could. Yes, sir; I would figure on 1,000 tons anyhow; possibly more.

Mr. Green. A thousand tons. That would be how many cars of 60 tons each?

Mr. Bowes. Of sixty tons each, that would be only 17, if you figure it that way.

Mr. Green. I meant 30-ton cars.

Mr. Bowes. It would be double that, of course. Thirty tons in a car—that would be equivalent to 33 cars.

Mr. Green. That is the maximum load that you can haul that distance?

Mr. Bowes. I rather think there are possibly certain parts of it where we can haul more.

Mr. GREEN. I mean the continuous route.

Mr. BOWES. I think figures have been furnished on that.

Mr. GREEN. No, sir.

Mr. ANDREWS. There is a statement, as I understand it, which shows the capacity on certain divisions.

177 Mr. GREEN. I want to know from him as traffic manager how he manages his traffic and what he figures on as being able to haul.

Mr. BOWES. It depends on the character of the traffic. We could not undertake to handle bananas over thirty-three cars and make the time required and preserve the fruit.

Mr. GREEN. What could you do with slow freight like lumber?

Mr. BOWES. I should say 1,000 tons, and possibly more.

Mr. GREEN. Thirty-three cars?

Mr. BOWES. Yes, sir; I think that would be the average haul on the southern lines. I do not think it would go over that.

Mr. GREEN. You do not think it would go over that?

Mr. BOWES. Take the whole southern lines. I am speaking not only of the main line. I doubt whether the number of tons handled would show an average of more than thirty-three loaded cars. I have not looked at that, but I would say that from general information I have acquired in my long experience.

Mr. GREEN. That you would base your calculations on?

Mr. BOWES. Yes, sir; from general knowledge.

178 Mr. GREEN. At New Orleans Mr. Wallace testified that he, in his judgment, thought that the limit of practical economy had been reached in the performance of the Illinois Central Railroad. I have before me the opinion of the Commission in the matter of proposed advances in rates, in which it is stated that the traffic manager of the Lake Shore & Michigan Southern Railway testified as to the cost of moving trains over his line, and his statement is interesting and instructive. He testified that the standard train upon the Lake Shore road consists of fifty cars, containing 80,000 pounds per car. Could you handle any such load?

Com'r YEOMANS. That is the lowest grade road in the United States. That has a 14-foot maximum grade for a long way and is perfectly level a considerable distance. There is no railroad out of Chicago that can haul such a load.

Mr. BOWES. We could not undertake to haul any such load as that from New Orleans to Chicago.

Mr. GREEN. Now, in the exhibit of the New Orleans & Northeastern Railroad and the A. & V. Railroad—Exhibit B to com-

179 plainant's interrogatories in this case—the division sheet was filed, showing the basis for dividing rates on lumber and on articles taking lumber rates, in carloads, from stations on the New Orleans & Northeastern Railroad and the A. & V. Railroad via Jackson, Miss., and the Illinois Central. Have you that division sheet there?

Mr. BOWES. I have a copy.

Mr. GREEN. Does not that division sheet show that from all A. & V. stations, except Vicksburg, Meridian, and Jackson, Miss., to Chicago, Ill., East St. Louis, Ill., and St. Louis, Mo., on gum and cottonwood lumber, minimum 30,000 pounds, that the A. & V. division on the Chicago rate was 5 cents; Illinois Central division, 16

cents; to East St. Louis the A. & V. division was 6 cents; the Illinois Central, 10 cents; and that on common lumber, carload lots, other than pine, cypress, gum, or cottonwood, minimum, 30,000 pounds, the A. & V. division to Chicago was 6 cents; the I. C. division, 16 cents; that the A. & V. division to East St. Louis and St. Louis was 6 cents; the Illinois Central, 10 cents—that is, division sheet effective November 1st, 1902. How do you explain, Mr. Bowes, that you would be willing to make on November 1st, 1902, a division with the
180 A. & V. of 5 cents on gum and cottonwood lumber to Chicago when you were in such need of revenue?

Mr. BOWES. I have not got those division sheets, Judge. I have them on pine lumber here. I assume you have taken that from the Northeastern tariff.

Mr. GREEN. Yes, sir; I copied this memoranda from the Northeastern tariff.

Mr. BOWES. I can only say I am not familiar with those divisions. What is the date of that tariff?

Mr. GREEN. Effective November 1st, 1902—one month before you were moved to make this increase.

Mr. BOWES. What does that allow from Jackson—16 cents?

Mr. GREEN. Sixteen cents to Chicago.

Mr. BOWES. Five cents to Jackson?

Mr. GREEN. It applies to all points, except Vicksburg, Jackson, and Meridian—to all A. & V. stations except those.

Mr. BOWES. Those cottonwood rates are affected by different conditions from the pine-lumber rates. They have been subject to river competition. Very large amounts of cottonwood lumber go
181 up the river, and I imagine if we want to participate in the traffic from A. & V. stations we have to give them the 5 cents and take the balance, or else pass out of the business. I suppose those were the reasons, but I am not familiar with this particular case. I judge it was something of that sort.

Mr. GREEN. You would not have accepted that division on that business unless it was profitable?

Mr. BOWES. We should not.

Mr. GREEN. You as traffic manager should know?

Mr. BOWES. I personally do not know of every rate or division made on the Illinois Central Railroad. It would be impossible for a man to know that. We have to apportion this business out to our freight agents or we would not have time to do anything else at all. We try to have general knowledge and supervision over all these matters, but we have to vest a large amount of authority in our subordinate officers; otherwise we would not have time to turn around. I do not know personally about that particular rate, but I judge that the rate of 21 cents per hundred was made necessary on account of the river competition, and that division of the rate was made necessary because the A. & V. would not tale less and give it to us at Jackson. That is my opinion of it.

182 Mr. GREEN. They could not make you take it unless you were willing.

Mr. BOWES. We would have to take it at that or pass out of the business. I presume that was made by Mr. Rhett, general freight agent at New Orleans. I presume he felt there was some money in it, some small profit in it.

Mr. GREEN. That applies from territory in which there is no earthly river competition?

Mr. BOWES. There is no cottonwood lumber raised east of Jackson, Miss.

Mr. GREEN. Or gum?

Mr. BOWES. There is gum, but north of the A. & V. Railroad largely. There is no cottonwood, and I suppose that is the total tariff that was put in from A. & V. Railroad stations without there being any to ship from them.

Mr. GREEN. I have Division Sheet No. 2B, 608, from stations on the A. & V. and New Orleans & Northeastern to Memphis, Tenn., via Vicksburg and Y. & M. V.; from stations on the A. & V. to Vicksburg, 5½ cents; beyond, 9 cents. From New Orleans and Northeastern stations to Vicksburg, 7 cents; beyond, 7½ cents; effective September 23, 1903.

Mr. BOWES. What is that on?

183 Mr. GREEN. That is on pine lumber, I suppose.

Mr. BOWES. Kindly read that again.

Mr. GREEN. Division Sheet No. 2B, 608, from stations on the A. & V. and New Orleans and Northeastern to Memphis, Tenn., via Vicksburg; from stations on A. & V. to Vicksburg, 5½ cents; beyond, 9 cents; from New Orleans & Northeastern stations to Vicksburg, 7 cents; beyond, 7½ cents; effective September 23, 1903.

Mr. BOWES. Well, I suppose that is on line lumber?

Mr. GREEN. Yes, sir; I think it is.

Mr. BOWES. Those rates down there would be the same to Memphis as are carried from our own stations.

Mr. GREEN. Why would you be content to take on September 23, 1903—to allow them 5½ cents and that they would be content with that and allow you only 9 cents?

Mr. BOWES. Nine cents from Vicksburg to Memphis?

Mr. GREEN. Yes, sir.

Mr. BOWES. That is not a bad rate.

Mr. GREEN. And then to Vicksburg, 7 cents, and beyond, 7½ cents, from New Orleans & Northeastern stations.

184 Mr. BOWES. I can not quite understand that division. There are two divisions there; one gives a rate of 9 cents and the other gives 7½ cents. If you have the tariff there I could figure it out.

Mr. GREEN. I notice from the exhibit you produce for the six months ending December 31, 1903, and 1902, that on the Southern lines the gross receipts increased this year over last year $873,379.95, or 11.3 per cent; that the operating expenses increased 19.2 per cent, and that the receipts increased 5.03 per cent. The proportion of expenses, including taxes, to receipts increased 5.08 per cent. If there was an increase of 5.03 per cent over the six months of the preceding year, what complaint is there as to revenue?

Mr. BOWES. I would like to look at those figures.

Mr. GREEN. You will find them in the columns of "increase" and "decrease."

Mr. BOWES. For the southern lines, for the six months periods referred to, shows that we decreased in net receipts in 1903, as against 1902, $129,809, or 5.03 per cent decrease.

Mr. GREEN. Look at the gross receipts this year. How much are they?

Mr. Bowes. You mean the southern lines?

Mr. Green. Yes, sir.

185 Mr. Bowes. Gross receipts?

Mr. Green. Yes, sir. Are they not more this year than last year?

Mr. Bowes. Yes, sir.

Mr. Green. Go on through. The operating expenses were how much more this year than last year?

Mr. Bowes. 19.2 per cent.

Mr. Green. Is that not what I read?

Mr. Bowes. Yes, sir.; 1903 has increased in operating expenses.

Mr. Green. Now, then, the proportion of expenses, including taxes, to receipts—what increased per cent have you there?

Mr. Bowes. 5.08 per cent.

Mr. Green. Net receipts; what have you for the increase?

Mr. Bowes. The net receipts? A decrease.

Mr. Green. A decrease?

Mr. Bowes. Yes, sir.

Mr. Green. Is it not in the increase column?

Mr. Bowes. No, sir; that is the percentage of decrease, Judge—5.03 per cent.

Mr. Green. Is there anything there to show a decrease?

186 Mr. Bowes. The figures.

Mr. Green. That is the way you interpret it?

Mr. Bowes. Yes, sir. If you look at the top, it says "percentage of increase or decrease."

Mr. Green. They star it if it is a decrease?

Mr. Bowes. It shows on the face there that it is a decrease.

Mr. Green. If there are $129,000 decrease of net receipts compared with the preceding year for the six months, you made how much during the preceding year?

Mr. Bowes. On the southern lines?

Mr. Green. Yes, sir; net receipts on the southern lines.

Mr. Bowes. We made the previous year $2,439,000.

Mr. Green. And that is on the six months $129,000 decrease? Does that show that you will come out at the end of the year with a decrease?

Mr. Bowes. It shows absolutely the first half of the year there was. If I could prophesy what will happen six months from now, I would probably not be working for the railroad.

The Chairman. Is your examination of Mr. Bowes nearly concluded, Judge Green?

Mr. Green. Is it about the adjourning hour?

187 The Chairman. Yes, sir. Mr. Baxter, will you have any further witnesses?

Mr. Baxter. I do not think of any now.

The Chairman. Will there be some rebuttal testimony?

Mr. Green. Yes, sir.

The Chairman. Likely to take how long?

Mr. Green. Probably the morning hour.

The Chairman. If it will not seriously inconvenience the inquiry, we would like to suspend now, and we will do so, and take an adjournment until 10 o'clock to-morrow morning.

The Commission thereupon, at 4.30 p. m., adjourned.

188 WASHINGTON, D. C., *February 16, 1904—10 a. m.*

The CHAIRMAN. You may proceed, gentlemen.

Mr. F. B. BOWES resumed the stand.

Mr. GREEN. Mr. Bowes, is there any charge made for the transportation of company material on the Illinois Central?

Mr. BOWES. Do you mean the Illinois Central company material?

Mr. GREEN. Yes, sir.

Mr. BOWES. No, sir.

Mr. GREEN. We find in the Fifty-third Annual Report of the Illinois Central, for the year ending June 30, 1903, in Table 5, that there was given an average number of tons of company freight in trains in 1903, 46.85 tons; 1902, 50.03 tons. State whether or not that was not a large increase in each of those years over the normal transportation of company material, and from what source this arose.

Mr. BOWES. Well, Mr. Green, I have nothing to do with the movement of company material, and in order to answer that ques-

189 tions as intelligently as I should I would have to look into it carefully. I could not state it offhand.

Mr. GREEN. Will you kindly furnish the Commission with a statement of tonnage, by years, of the company material hauled for each of the years from 1892 to 1897 and from 1897 to the present date—two five-year periods—if you please?

Mr. BOWES. I will do so.

Mr. GREEN. State whether or not during July and August, 1902, there was not an abnormal movement of company material by reason of the improvements being made in the way of double tracking south of the Ohio River.

Mr. BOWES. I could not answer that question from personal knowledge, but of course I could get the information.

Mr. GREEN. And also from grading work?

Mr. BOWES. I can furnish the information.

Mr. GREEN. There were large improvements being made in double tracking and grading and elimination of curves and grades south of the Ohio River in 1902?

Mr. BOWES. It is my understand' that there was a good deal of work done, but Mr. Wallace, our general manager, is here and should answer those questions.

190 Mr. GREEN. As a traffic-department official you know that to be a fact, do you not?

Mr. BOWES. I know in a general way that we have done a great deal of work during 1902, but as to those specific months I have no personal knowledge about that.

Mr. GREEN. When did you begin to do this abnormal quantity of work and to transport this abnormal quantity of company material—what year?

Mr. BOWES. I could not answer that question.

Mr. GREEN. It has been going on for several years, has it not?

Mr. BOWES. It is my understanding as an officer of the company, from facts coming to me in a general way, that we have been doing a very large amount of construction work, such as grading, double

tracking, and all that character of work, in the past few years, but as to anything specific I could not answer that from personal knowledge. It is not in my department; it is not essential, in other words, that I should know it.

Mr. GREEN. What is your information or knowledge, Mr. Bowes, as to how the construction of sidetracks is charged,
191 whether into the construction account, capital account, to operating expenses, or how?

Mr. BOWERS. I could not state just to what account that is charged. I can get that information, if you desire it.

Mr. GREEN. That is all.

Mr. BAXTER. You were asked yesterday to give the distances and the rate per ton per mile between Jackson, Miss., and McComb City, Miss., and Hattiesburg, Miss., to various points on and north of the Ohio River, and you were unable at the time to state them accurately. I will ask if since that time you have figured them out and prepared an exhibit, which will be an answer to those questions which you could not answer yesterday?

Mr. BOWES. I have; I completed that work last night.

Mr. BAXTER. Is this the paper [handing to witness]?

Mr. BOWES. It is.

Mr. BAXTER. Has that been accurately compiled?

Mr. BOWES. Yes, sir.

Mr. BAXTER. Will you file it as an exhibit to your testimony?

Mr. BOWES. Yes, sir.

(Hereto attached and marked "Exhibit No. .")

192 Witness excused.

Mr. ANDREWS. If it please the Commission, I have just received information from our vice-president in Chicago showing the amount of equipment the Illinois Central Railroad Company received from the Chicago, St. Louis & New Orleans Railroad Company and from the other railroad companies owning lines south of the Ohio River, now operated by the Illinois Central Railroad Company under leases, which that company obligated itself to return at the end or expiration of the lease; and, second, a statement showing the amount of equipment now being used on those leased lines, which equipment is furnished by the Illinois Central Railroad Company without any charge being made for that equipment. I would like to introduce those figures in those statements.

Mr. GREEN. If it please the Commission, do I understand counsel to mean that this equipment was not paid for out of the common earnings of those two roads?

Mr. ANDREWS. I understand that when we acquired those under lease they turned over equipment which the lessor company agreed to return at the end of the leases, but in addition to the amount
193 they received the Illinois Central has given those companies the use of a very large amount of equipment, which they are now using on those lines, without any charge being made therefor against them.

Mr. GREEN. In the absence of the witnesses to elicit the information from, as the figures are furnished without explanation, we would like to know whether this equipment used in common by the two roads is not paid for out of the common earnings of the two

roads, which would be necessary to show the equitable use, or not, of the equipment.

Com'r PROUTY. Under the system of bookkeeping used by the Illinois Central, does it keep an account with these southern lines, charging them—or crediting them with equipment and crediting them with earnings?

Mr. ANDREWS. I understand they did not make any charge against the southern lines for the use of that equipment.

Mr. WALLACE. No, sir.

Com'r PROUTY. Do the earnings of the southern lines go into the treasury of the Illinois Central Railroad Company?

Mr. ANDREWS. I do not understand so. I understand that is
194 kept separate. The earnings of the Chicago, St. Louis & New Orleans, of the lines south of the river are not thrown into a common fund and then divided on a mileage basis.

Com'r PROUTY. Is no part of the earnings accruing south of the river used to procure or renew equipment used on the lines south of the river?

Mr. ANDREWS. I don't know.

Com'r PROUTY. In the absence of some information of that sort, your statement would not be very valuable as to the equipment.

Mr. ANDREWS. If you will allow me, I will talk with Mr. Wallace.

Mr. GREEN. I would call attention to the fact that they keep a common account in their report and intermingle these earnings.

Com'r PROUTY. Are these organizations kept separate?

Mr. GREEN. Legally, yes; practically no. The lease provides for preserving the autonomy of the Chicago, St. Louis & New Orleans Railroad Company. Its legal autonomy is preserved, but practically it is operated and controlled by the Illinois Central, as I understand it.

Mr. MILLER. The old management is dormant for 400 years.

Mr. GREEN. I would call attention to the fact that the general
195 balance sheet of the Illinois Central shows capital stock $95,040,000, which is the capital stock of the Illinois Central proper, and then leased line stock $10,000,000, which was the stock issued in lieu of the Chicago, St. Louis & New Orleans Railroad Company stock; and then the funded debt of the Illinois Central is $112,000,000, and the funded debt of the Chicago, St. Louis & New Orleans is $16,000,000. They keep it in a common balance.

Mr. MILLER. I would like to have the secretary asked if he has received the deposition of Mr. A. S. Johnson.

The CHAIRMAN. Mr. Andrews, now about these statements you spoke about.

Mr. ANDREWS [after consulting with Mr. Wallace]. Mr. Chairman, I do not know just how the statement is kept on that road, and Mr. Wallace does not. So I do not know, replying to Mr. Prouty's question, whether that is paid for out of the common earnings or not; I can not answer the Commissioner as to whether they are or not.

Com'r PROUTY. You might show with propriety the amount of equipment which the Illinois Central received from those lines as tending to show the value of the lines themselves at the time,
196 but the subsequent history of that equipment seems to be involved in doubt.

The CHAIRMAN. There is no objection to that statement if you desire to file it [referring to statement showing equipment received by the Illinois Central from the southern lines operated by the Illinois Central under leases].

Mr. ANDREWS. I do not know that I care to file that unless I can file the other.

Mr. MILLER. We would like to have Mr. Andrews give some explanation of this statement he filed yesterday, which conflicts with the report of the Illinois Central for the year ending June 30, 1903.

Mr. ANDREWS. Mr. Miller, you should have asked Mr. Foutz when he was on the stand here. I didn't make this up. This is a statement from our auditor's office in Chicago. Of course I can say it is not intended to conflict with any other statement we have made.

Mr. MILLER. I wanted to give you an opportunity to make an explanation, if you desired to, of the apparent conflict of figures. The statement filed yesterday gives $50,000,000 of funded debt on the lines south of the river, which is in conflict with the general balance
197 sheet, which gives it as $16,234,000.

Mr. ANDREWS. You are taking that $16,000,000 as simply the funded debt of the old main line which we leased in 1882. If you will read that statement that was filed you will see that it refers to the entire railroad system now owned by the Chicago, St. Louis & New Orleans Railroad Company, but that railroad company has acquired, you will remember, Mr. Miller, since 1889, what used to be the Chesapeake, Ohio & Southwestern Railroad.

Mr. MILLER. I understand.

Mr. ANDREWS. That statement shows the funded debt of that entire system of railroads which is now owned by the Chicago, St. Louis & New Orleans Railroad Company, and that funded debt is not $16,000,000. The $16,000,000 was the funded debt on the line of road which that company owned in 1889, which embraced the line from East Cairo to New Orleans plus the line from Grenada to Memphis. If you will look at that little map I gave you, you will see. The capital stock of that company has not been increased. It still remains at $10,000,000, but in acquiring the Chesapeake, Ohio & Southwestern, which runs from Louisville to Memphis and having
198 various branch lines, which have been spoken of, that increased the funded debt of that road. That money was raised by mortgage on those lines. To say that $16,000,000 was the funded debt of that company now would not be right. I do not know anything about that balance sheet. I only know that $16,000,000 was the funded debt of the Chicago, St. Louis & New Orleans Railroad Company in 1889, secured by mortgage on the road from East Cairo to New Orleans, three and a half millions on the line from Grenada to Memphis. Since that time that company has become the owner of the Chesapeake, Ohio & Southwestern road, from Louisville to Memphis, with various branch lines that are in that system, and whereas its capital stock has not been increased, but still remains at $10,000,000, of course they placed a mortgage on what was the Chesapeake, Ohio & Southwestern, and in that way the funded debt of the Chicago, St. Louis & New Orleans Railroad is now larger and now spread over the other railroads now owned by them.

Mr. MILLER. I want you to explain this: This statement given here yesterday would give some fifty-odd millions of funded debt
199 on the lines south of the Ohio River. This statement of the general balance sheet of the Illinois Central Railroad Company in its annual report, June 30, 1903, shows the funded debt of the Illinois Central as $112,969,525; funded debt of the Chicago, St. Louis & New Orleans Railroad, $16,234,000; total funded indebtedness of the whole system of lines, north and south, $129,203,525. I thought there might be some reconciliation of that.

Com'r PROUTY. Does the Chicago, St. Louis & New Orleans embrace all the lines south of the river at the present time?

Mr. ANDREWS. Yes, sir, it does; all operated by the Illinois Central Railroad.

Com'r PROUTY. And these new lines that have been acquired have been acquired by that road?

Mr. ANDREWS. Yes, sir. Probably what Mr. Miller has reference to with respect to the funded debt of $16,234,000 in the balance sheet of the Illinois Central is practically the amount of debt that the Illinois Central has guaranteed under that lease and comes out of the Illinois Central's liabilities. That has been gone over several times; that at the time of the lease of the New Orleans Railroad Company, as I call it, it had a funded debt of $16,234,000.
200 Now, under the terms of that lease we guarantee the interest on it and also the interest on $10,000,000 of capital stock as rental.

The CHAIRMAN. You treat that in the balance sheet as a liability?

Mr. ANDREWS. Yes, sir.

Com'r PROUTY. Does the lease provide that the road shall mortgage itself for any additional improvements the Illinois Central shall make? The Illinois Central has laid out large sums of money.

Mr. ANDREWS. Yes, sir. It is agreed that they shall pay back to the Illinois Central anything over and above what is provided for in the lease, at the end of 400 years; the Illinois Central to retain possession of that road until that extra amount is paid.

Com'r PROUTY. But the Illinois Central has never encumbered those roads or that property as for security for the outlays?

Mr. ANDREWS. No, sir. That road is indebted to the Illinois Central, but the Illinois Central has not put any mortgage on it.

Mr. MILLER. Under the funded debt you embrace the indebt-
201 edness of that road to the Illinois Central?

Mr. ANDREWS. That is my understanding. There is no conflict here at all. We stand by this statement.

Com'r PROUTY. I think the testimony shows that there has been laid out by the Illinois Central about $8,000,000 on those roads?

Mr. ANDREWS. Yes, sir.

Com'r PROUTY. How is that secured?

Mr. ANDREWS. I do not understand that it is secured at all—except by the terms of the lease that we are to retain possession of that road, after the expiration of the lease, until that is repaid. The lease is in evidence, and the comission will see that.

Mr. GREEN. You are mistaken about interpreting the contract.

Mr. ANDREWS. It has expended between seven and eight million dollars, for which the Illinois Central has no security except the provision in the lease mentioned, as was stated in New Orleans. It is a

lien on the property; that is, the Illinois Central can retain possession of the property after the expiration of the four hundred
202 years until that seven or eight million dollars is paid, with 5 per cent interest. It gets no interest on that money until the four hundred years has expired. That is the fact in regard to the advances; the lease provides for that. That is what was called in New Orleans a lien, practically, for these advances we have made.

Com'r PROUTY. Mr. Miller, you inquired in reference to the deposition of Mr. Johnson. When was it taken?

Mr. MILLER. At Kosciusko, Miss., about ten days ago. A copy of the answers was sent to Judge Baxter and one copy was sent to me by the officer who took it, and he wrote he had sent the original to the Interstate Commerce Commission, with the title of the case endorsed on it. That is from the clerk of the court at Kosciusko, Miss.

The CHAIRMAN. You have a copy of it?

Mr. MILLER. Yes, sir. I would like to read the deposition.

The deposition of Mr. A. S. Johnson was read by Mr. Miller, as follows:

203 Interrogatories in chief:

Q. Please state your name, age, residence, and occupation.

A. A. S. Johnson, age, 47; residence, Meridian, though I am at the present located at Kosciusko, Mississippi, and may make it my future home. My occupation is cotton merchant.

Q. Where were you living in August, 1898?

A. Meridian, Mississippi.

Q. Are you acquainted with Mr. C. W. Robinson and with Mr. J. T. Harrahan, who was vice-president, and Mr. T. J. Hudson, general traffic manager of the Illinois Central Railroad Company?

A. I have known Mr. C. W. Robinson and Mr. J. T. Harrahan for a number of years. I only met Mr. Hudson, traffic manager of the Illinois Central, once.

Q. Please state whether or not in August, 1898, you visited Chicago in company with Mr. C. W. Robinson, and whether you and he while there called on Mr. Harrahan of the Illinois Central Railroad Company. If yes, please state what your object was.

A. I did visit Chicago in August, 1898, in company with Mr. C. W. Robinson—that is, I met Mr. Robinson there by appointment.
204 We did while there call on Mr. Harrahan. Our idea was to build a line of railroad from Meridian to the Illinois Central Branch, running between Durant and Aberdeen, and to secure the aid of the Illinois Central Road in carrying out our plans.

Q. If you say that you and Mr. Robinson called on Mr. Harrahan for the purpose of securing through him the interest or aid of the Illinois Central Railroad Company in support of a project to build a line of railway from Meridian, Mississippi, to Ackerman, Mississippi, on the line of the Canton, Aberdeen & Nashville R. R. Co., then please state what conversation, if any, took place—and whether or not, in the course of the conversation, Mr. Hudson was called in and took part.

A. We called on Mr. Harrahan and laid before him our plans, and to the best of my recollection the following conversation ensued: Mr. Harrahan told us very frankly that he did not think that his

road at that time could be induced to lend us any aid. Discussing the matter at some length, Mr. Harrahan expressed the belief that the projected line would prove a profitable feeder for their company, and hoped that we would succeed in building the same. The conversation then was directed upon what treatment we could expect from his company in the event we succeeded in building this line upon our own resources and the assistance of others, and the
205 question was asked Mr. Harrahan by Mr. Robinson, in the event this line was built, would his company allow this new road an arbitrary, to the best of my recollection, of six cents per hundred pounds on lumber. In answer to this question, Mr. Harrahan called in Mr. Hudson, traffic manager of their company, and laid this proposition down to him and asking him if their company could afford to pay this arbitrary and make money out of the business, to which Mr. Hudson replied, they could make money by allowing this arbitrary on lumber from the projected line. This was about the sum and substance of the conversation.

Q. If you say Mr. Hudson was called in, please state whether any discussion was had of a division of rate on lumber you and Mr. Robinson wished to secure for the projected road; and do you remember whether or not Mr. Robinson had said to Mr. Harrihan that the new road would want an arbitrary of six cents per 100 lbs. out of the through rate? If yes, state all that occurred, and if you remember whether or not Mr. Harrihan asked Mr. Hudson if the Illinois Central could afford to give that arbitrary, and if yes, what was Mr. Hudson's reply.

A. I have answered this interrogatory in my answer to the next preceding interrogatory. I can recollect nothing further of any importance that occurred.

206 Cross-examination:

Q. Please state whether or not the Canton, Aberdeen & Nashville R. R. was, in 1898, or is now a part of the Illinois Central R. R. system?

A. It is my understanding that the Canton, Aberdeen and Nashville Railroad was, in 1898, and is now being operated as a part of the Illinois Central Railroad system, though I have but slight personal knowledge of the affairs of said railroad, having lived until very recently remote from them, at Meridian.

Q. Please state the names of every one who was present at the conversation referred to in direct interrogatories Nos. 5 and 6.

A. I have no recollection of any one being present at the commencement of the conversation except Mr. Harrihan, Mr. Robinson, and myself, and during the latter portion of the conversation Mr. Hudson joined us. No one else was present to my recollection.

Q. Please state whether or not Meridian, the southern terminus of the line of railway referred to in direct interrogatory No. 5, as projected from Meridian to Ackerman, is reached by the lines of the present Queen & Crescent system, by the Mobile & Ohio Rail-
207 road, and by the Southern Railway?

A. Meridian is reached by all three lines named.

Q. If you state, in answer to direct interrogatory No. 6, that Mr. Robinson said to Mr. Harihan that the proposed road would want an arbitrary of six cents per 100 lbs., on lumber, please state whether

or not said figure was fixed by the projectors of the road, with special reference to the fact that four systems of railway would be able to bid for the traffic originating on the proposed line?

A. I have no recollection of anything having been mentioned about other lines bidding for the business. We left these gentlemen believing they would allow this arbitrary on the class of freight mentioned above, should we construct the line. There has been no further conversation touching this subject with any official of the Illinois Central system so far as my personal knowledge goes. I do not remember that any question of competition influenced the fixing the arbitrary. The main thing that impressed us was that Mr. Harrihan wanted the business for his line in the event that it would prove profitable, which Mr. Hudson assured him that it would.

Q. Is it or not true, as a general proposition, that where a short line of railway is so located that two or more larger companies
208 can bid for its business, the arbitraries allowed such line are higher than in the absence of competition, and that the larger line making such allowance is, in consideration thereof, made either the exclusive or preferred connection of the smaller line?

A. Without sufficient information to speak from personal knowledge, I believe, and it is my judgment, that under the circumstances stated, the smaller company would be in a very favorable position to demand larger arbitraries than in the absence of competition, and that the larger company giving the highest arbitrary would be preferred.

Q. If you state, in answer to interrogatory No. 6, that Mr. Hudson expressed the opinion that the Illinois Central Railroad Co. could afford to allow the projected line an arbitrary of six cents, or more or less, please state if Mr. Hudson at the same time expressed fully to those present all of the considerations which may have influenced his opinon, and if he did, state what such considerations were.

A. I can remember nothing further of Mr. Hudson's expressions or declarations on the occasion of the conversation referred to than what I have already stated.

Q. Please state whether or not the question of the total through rate from stations on the projected, to Cairo, for beyond, was discussed; and whether or not it was stated what actual proportion the Illinois Central R. R. would receive for its haul.

209 A. I do not remember that anything was said in reference to this.

Q. If you state that the actual proportion to be received by the Illinois Central R. R. was mentioned, and it was the same, or approximately the same for its long haul, as you and your associates were seeking for your road for a maximum haul of 80 miles, would you or not say that the proportion proposed to be accepted by the Illinois Central R. R. was a very low proportion?

A. I made no calculation on this. I left those matters to Mr. Robinson.

210 Mr. MILLER. I would like to ask the Secretary if the Mobile & Ohio Railroad has filed a statement showing the number of cars of lumber forwarded from stations on its line? A copy was sent to me by Judge Baxter.

The CHAIRMAN. Undoubtedly the original is here.

Mr. ANDREWS. Some inquiry has been made by the Commission in regard to this statement of the Illinois Central for December last showing a loss. I find that Mr. Wallace, before he left Chicago, analyzed the figures for the purpose of ascertaining how that loss had occurred—what it was due to. There has been a good deal of inquiry here about it, and counsel for complainants suggested possibly it was due to a wreck down at Kenwood. Mr. Wallace is able to state, as general manager, from his analysis, that a certain amount of that loss was on account of the difference in the price of coal, and so much on account of increases to labor, etc. It would only take a minute or two, and we will have that in convenient shape for the Commission.

The CHAIRMAN. You may call Mr. Wallace and examine him on that point.

211 J. F. WALLACE, recalled.

Mr. ANDREWS. It appears from a statement submitted in evidence of the gross earnings and net earnings of the Illinois Central Railroad for the month of December, 1903, that there was a loss in net receipts as compared with the corresponding month of the year before. Have you made an analysis to find out what that loss is due to?

Mr. WALLACE. Roughly, yes.

Mr. ANDREWS. Please state to the Commission what it showed.

Mr. WALLACE. Of course these figures are approximate and rough, but $100,000 of that increased cost for December was due to increases in the rates of wages and to the conditions of pay in two departments. Ninety-five thousand dollars of it was due to increase in the cost of fuel used. Forty-eight thousand of it was due to increase in material that was purchased by the machinery department for repairs to cars and locomotives, and approximately $50,000 of it was due to
212 increased force—more men employed in the various departments of work than were employed in the same month the year before.

Mr. ANDREWS. That is all.

Com'r CLEMENTS. You say about $100,000 of that was due to the increased price of fuel. Was it due to an increased price or to an increased amount being used?

Mr. WALLACE. $95,000 of the increases that month was due to the fuel account, and $35,000 of that amount was due to increase in price, and the remainder was due to increase in the amount of fuel used.

The CHAIRMAN. Do those figures refer to the amount of fuel used during that month, or to the amount purchased?

Mr. WALLACE. To the amount used.

Com'r CLEMENTS. As compared with the amount used in the preceding December?

Mr. WALLACE. Yes, sir; compared with the preceding December. Of course there are a great many elements entering into why we used more fuel. One of the elements was the increased amount of cold weather—that is, taking the general temperature. Another was due to the increase in business in the last few years, which has
213 required the employment of more men, who were less experienced firemen and engineers in the matter of the economical use of fuel. It was due to a variety of causes.

Com'r CLEMENTS. Generally speaking, coal is higher than in last December, is it—the kind you use? The kind you use was not affected by the strike?

Mr. WALLACE. We use a low grade of bituminous coal entirely, generally what is called mine run, and our contracts are made from year to year. The prices that we paid this year were affected very largely by the demand the year before.

The CHAIRMAN. It was suggested yesterday that perhaps this large increase in operating expenses for December, 1903, might have been caused by expenses incurred in consequence of the serious accident which occurred on your line about that time.

Mr. ANDREWS. At Kenwood, Louisiana.

Mr. WALLACE. Take the Kenwood accident, and the expense would probably be distributed over an entire year, or two years. As far as claims for personal injuries are concerned, I do not know that
214 any of those cases have been settled at all yet; if any, very few of them.

The CHAIRMAN. No considerable or large part of this increase, then, you say, of last December was due to that accident?

Mr. WALLACE. No considerable portion of it; some part of it was, probably a small part, because these personal injuries claims and repairs of cars and equipment destroyed in accidents are distributed, but they all go into our expenses sooner or later.

Mr. GREEN. Mr. Wallace, don't you know, or do you know, it is a fact that the personal injury agents of the Illinois Central Railroad settled on the spot any number of claims for personal injuries in the Kenwood accident; that they had authority and did settle them without reference to any department?

Mr. WALLACE. Yes, sir; they did settle some.

Mr. GREEN. Did they not pay out large sums of money in December on the spot?

Mr. WALLACE. No, sir; they paid out sums of money, but not extraordinarily large sums.

Mr. GREEN. Do you know?

215 Mr. WALLACE. I do not know what the amounts were. I have a record in my office.

Mr. ANDREWS. Those were negroes that were killed.

Mr. WALLACE. Yes, sir. The personal injury agent always settles some on the ground.

Mr. GREEN. Is there any difference in the market price?

Mr. ANDREWS. There is always a difference in the price between the man who gets $1.50 a day and the man who gets $20,000 a year.

Mr. WALLACE. I would like to explain something. Whenever a personal injury agent pays out sums of money on the ground it is almost prima facie evidence that the amounts are not large.

Mr. GREEN. Don't you know that the aggravation of the injury was particularly acute because there was gross negligence, and that claims were settled on the spot to get rid of them as soon as possible?

Mr. WALLACE. It is always policy to settle any claim as soon as you can.

The CHAIRMAN. So far as any payments were made during
216 the month of December for death or injury in that or any other accident, such payments would be in the expense account of that month?

Mr. WALLACE. So far as payments were actually made, yes; that is, payments for repairs of cars, or repairs of equipment, or for settlements made for personal injuries are charged out in the months in which the actual payments are made.

Mr. ANDREWS. The same would be true of December the year before?

Mr. WALLACE. Yes, sir.

Mr. GREEN. I understood you to say that you approximated the figures roughly which you gave. Do you mean to say those figures are not taken from your books?

Mr. WALLACE. Yes, sir; they are taken from our figures. But let me tell you about this matter of labor. In order to get at it accurately—the actual amounts of money that are paid out on increased rates of pay—it might take a considerable force of bookkeepers a long period of time to do that, because they would have to go into each man's personal account to see just how much of his earnings was due to that; but our men have a way of getting at it approximately.

217 Mr. GREEN. Did you get it approximately, or some one else?

Mr. WALLACE. I got at it from figures that came from the different divisions of the road.

Mr. GREEN. You say there was $50,000, approximately, due to increase of the force in the various departments over the year before. You required more force in December, 1903, for what purpose?

Mr. WALLACE. For various purposes; first, due to increase in the tonnage that was handled during the year, and second, due to the fact that during the past year a great many concessions were made to the men; and then it took more men to do the same work than a year ago; we find as wages have been increased that we do not get the same efficiency out of our men as a year ago, and particularly in our shops, among machinists. We find it takes more men to do the same work, to accomplish the same results.

Mr. GREEN. Is it not a fact that during August, 1902, there was a decrease in the increase of net results of something like $300,000, and still, at the end of the year, you made about $16,000,000.

218 During July and August, 1902, was there not, during each of those months, a decrease in the increase of net receipts as compared with the year before of something over $300,000, and did you not, at the end of the year, make up largely that amount, and did it not show at the end of the year that you had about $16,000,000 net profit?

Mr. WALLACE. I do not remember what the exact figures were, but the last months of the fiscal year ending June 30, 1903, were very profitable months.

Mr. GREEN. Your table No. 2 of your report for 1902 shows that in July the decrease of the net receipts as compared with the preceding year was $235,394, and in August they decreased $280,816, and in January, 1903, they decreased $117,680, and yet with the decreases in those months there were corresponding increases in the other months, so at the end of the year you had a total of net receipts for 1902 of $13,488,121.49?

Mr. WALLACE. I do not know; whatever the report shows, those

figures are. The interest and fixed charges had to be paid out of that.

219 Mr. GREEN. It is not an unusual thing in the operation of the railroad to have a decrease in the net increase during any one month of the year and yet on the whole year's business you come out all right?

Mr. WALLACE. That sometimes happens; yes.

Mr. GREEN. The year before it happened that this decrease of $117,000 occurred in January. You have it this year in December?

Mr. WALLACE. The conditions are different this year from what they have ever been before. The tendency now is for our gross to drop off, and to drop off very rapidly. We have to face a drop off in the gross, with a large fixed increase in our expenses which we can not overcome. Another point in comparing the fiscal year ending June 30, 1903, with the fiscal year before that, we did not have to face what we have to face now—a large increase due to contracts and agreements that we have made with our labor, which have placed our labor on a much higher plane, and which we do not expect to be able to decrease when our gross falls off.

Mr. GREEN. When did these increases by agreements and contract with labor commence?

Mr. WALLACE. They have been going on for about two years

220 past, but the heavy ones have all been inside of the last year.

Mr. GREEN. Give us the dates. When was the last increase in the wages of your labor made? When did you make the last increase?

Mr. WALLACE. There has not been a month in the last two years that we have not increased the wages of some of our employees.

Mr. GREEN. I mean a general raise. When was the last one?

Mr. WALLACE. The last general raise we made was to telegraph operators, which took place in September, 1903.

Mr. GREEN. That was the last general raise?

Mr. WALLACE. Yes, sir; but even inside of the last two weeks we have had to make raises to some classes of our employees. It is going on all the time.

Mr. GREEN. What class in the last two weeks has been raised?

Mr. WALLACE. Some freight handlers at Cherokee, Iowa.

Mr. GREEN. To what extent was that raise made?

Mr. WALLACE. It was a raise of about 10 per cent on their wages.

221 Mr. GREEN. To how many men?

Mr. WALLACE. I do not remember how many men.

Mr. GREEN. In what district?

Mr. WALLACE. That was at Cherokee, Iowa. It did not include a great many men.

Mr. GREEN. How many men?

Mr. WALLACE. I could not tell you.

Mr. GREEN. Was there any increase during the month of November, 1903?

Mr. WALLACE. Yes, sir. There was no general raise in November. Here and there all over the line we have had requests made for increases in pay, and they have been generally granted either in whole or in part.

Mr. GREEN. The last general raise you say was to telegraph operators in September?

Mr. WALLACE. Yes sir—that is, a raise that cut a large figure.

Mr. GREEN. To what extent did the Cherokee raise cut a figure?

Mr. WALLACE. I do not remember the amount of that. I merely cited that as a detail.

222 Mr. GREEN. How do you explain the fact that for the five months ending November 30, 1903, there had been a net increase for the preceding five months in net receipts over the preceding year?

Mr. WALLACE. That was due to two causes. In the first place, in the preceding year, in July and August of the fiscal year commencing July 1st, 1902, the expenses were very high—that is, we were doing a lot of work in June that we did not get the charges in the accounts for June; that was charged out in July and August, and that made an unfavorable comparison with the year before in those two months. In the present fiscal year, commencing July 1st, 1903, why that was guarded against. Again, when we found that our September and October showing was bad, we commenced, in the latter part of October, to do everything we could in the way of economy. We discharged a good many men, particularly in our maintenance of way department, and we made an increase in the net for the month of November; we made a very favorable showing in November. We did not keep that up. We dropped down in December for the causes I have mentioned. We took off men in November that we had

223 to restore in December.

Mr. GREEN. What increase in the last year, since June 30, 1903, has there been made in the wages of employees south of the Ohio River?

Mr. WALLACE. Since when?

Mr. GREEN. Since June 30, 1903.

Mr. WALLACE. Well, to trainmen there has been an increase of, I think, 12 per cent made in the wages of freight trainmen and ten per cent in the wages of passenger trainmen.

Mr. GREEN. When?

Mr. WALLACE. That increase took effect on the 1st of July, 1903?

Mr. GREEN. 1903?

Mr. WALLACE. Yes, sir.

Mr. GREEN. How far did that extend?

Mr. WALLACE. All over the southern lines.

Mr. GREEN. Has there been any other raise since June 30, 1903, in the wages of employees south of the Ohio River?

Mr. WALLACE. The telegraph operators were raised all over the lines south of the Ohio River.

224 Mr. GREEN. In September?

Mr. WALLACE. In December; commencing the 1st of September.

Mr. GREEN. How much did that raise the amount paid?

Mr. WALLACE. I could not tell you that, because each man's salary was fixed individually and not raised by horizontal per cent. Of course there have been other minor raises, but those are the two principal raises since that time.

Com'r CLEMENTS. Is there already a falling off in the gross? You

stated that you had to face that. Is that an apprehension or a fact?

Mr. WALLACE. The approximate reports that we have received since the 1st of January—that is, the weekly approximations—show a falling off in the gross, but we can not always tell for three or four weeks or a month what the actual falling off in gross is. The reports are made by stations and have to be checked against each other. In December this statement shows the margin was very narrow.

Com'r CLEMENTS. Even if in that one month of January there was a decrease, some subsequent month might offset that?

225 Mr. WALLACE. Yes, sir; we can not tell. But the general business tendency of the country is towards decreased earnings.

Com'r CLEMENTS. From what cause?

Mr. WALLACE. It has been due—that is, mere conjecture—but from——

Com'r CLEMENTS. It would either be by decrease in rates or decrease in volume in business—one or the other?

Mr. WALLACE. Yes; the impression among railroad men, for instance, in the West is that it is due to the changed conditions east of the Allegheny Mountains—that is, as far as business is concerned which pertains to the Mississippi Valley entirely the prospects are good.

Com'r FIFER. The decrease is in net earnings and not in the gross earnings, is it not?

Mr. WALLACE. The decrease has been in net earnings; but we are apprehensive—all the railroad managers in the West—of a decrease during this next year in the gross receipts; and our weekly approximate returns for the month of January show that we are not earning the same amount as we did last year in gross. As I told Com-

226 missioner Clements, we can not tell exactly how that will figure out until we get in the actual returns, but our approximations that we get in weekly indicate that our gross earnings are less than last year in January.

Com'r CLEMENTS. There has been no considerable decrease in rates. The tendency has been rather to increase them in the last year or two—more increases than decreases?

Mr. WALLACE. Our average rate, I think, is a trifle less every year. It has been less; but that may be due, of course, not to the fact that any particular rate has decreased as much as it may be due to hauling more of the low-priced freight. But you can not tell on that until the end of the fiscal year.

Com'r CLEMENTS. That is, the average rate?

Mr. WALLACE. Yes, sir; that is the average rate.

The CHAIRMAN. That seems to be all, Mr. Wallace.

Witness excused.

Mr. ANDREWS. I have no further witnesses.

Mr. MILLER. I would like to introduce the statement furnished by the Mobile & Ohio Railroad showing the number of carloads of lumber forwarded from the stations mentioned for the eleven months ending November, 1903.

227 From Oak Grove, Ala., there were 463 cars on which there was a tap-line division of three cents per hundred pounds; from Quitman, Miss., 803 cars, where the tap-line allowance is 3 cents

up to ten miles, and three and one-half cents over ten miles; from Vinegar Bend, Ala., 165 cars; from Dwight, Ala., 16 cars; from Cherokee, Miss., 616 cars, on which there was a tap-line allowance of two cents per hundred pounds; from Yellow Pine, Ala., 227 cars, on which there was a tap-line allowance of three cents. I want to say here that the rest of their traffic comes from feeders like the Mobile, Jackson & Kansas City.

Mr. GREEN. I will read the deposition of Mr. A. M. Searles touching the Gulf & Ship Island Railroad:

Mr. Green read the deposition as follows:

228 Direct interrogatories:

Q. State your name, age, residence, and profession.

A. My name is Alexander Manlove Searles. I am 44 years of age. My present residence is Vicksburg, Mississippi, and I am a civil engineer.

Q. If you have answered that you are a railroad civil engineer, state what experience, if any, you have had in the matter of the construction of railways in the United States and elsewhere and in the State of Mississippi.

A. My engineering experience dates from the year 1878, when I was employed on the U. S. Coast and Geodetic Survey as a recorder on the survey of the Mississippi River. In 1880, 1881, and part of 1882 was in Colorado and New Mexico filling positions on the Denver and Rio Grande and Union Pacific railways as rodman, levelman, and transit man; was then on location and construction of the L. N. O. & T. R. R. (now the Yazoo & Mississippi Valley) in Mississippi as transit man and assistant engineer on location and as resident engineer on construction for two years.

1884–1886 on U. S. Government survey of Red River, La., in charge of a triangulation party. In 1886 and 1887 in Birmingham, Ala., in private consulting work. 1887–1888 in Kansas as resident
229 engineer in charge of construction of Kansas City, Wyandotte and North Western R. R.

1889–91 on various surveys and locations of projected lines in La. and Miss. In 91–92 city engineer of Vicksburg, Miss.

92–98 engaged in designing and building iron bridges, part of the time being manager of the bridge department of the Austin Mfg. Company of Chicago.

98–99 in Guatemala, Central America, as engineer in charge of construction of the Ferro-Carril, Vera Paz, from Panzos to Coban. Since 99 engaged in bridge work, except when called upon in consultation as engineer.

Q. State whether or not from your knowledge of your profession and its practice you would say that you were competent as an expert to estimate the costs of construction and the value of a railroad and equipment.

A. Yes; I know that I am.

Q. State whether or not you have examined the roadbed, bridges, station houses, tanks, roundhouses, and other property of the Gulf & Ship Island and branches, including the Columbia branch, the Laurel branch, and Mendenhall branch, and its equipment; and if so, state what such construction and equipment cost per mile of road.

A. I have examined them carefully and minutely as possible under the circumstances. It is not possible to state now what it cost
230 per mile. I give my estimate of its present value, based upon what such work and material is now worth, and my conclusion is that the main line, including everything—equipment shops, tanks, etc., etc.—could be duplicated for twelve thousand dollars ($12,000.00) per mile and the branches for nine thousand dollars ($9,000.00) per mile. The difference in valuation is caused by the lighter work on the branches and the lighter rail used on them, 56, 65, and 75 pound rail being used on main line and only a second-hand 56-pound rail being used on the branches.

Q. From such examination, if you made it, what would you say was the present cash value of said railroad and equipment per mile?

A. This is answered by 4.

Q. State anything else you know of value to either party of this suit.

A. It is the lightest and most cheaply built road I have ever seen. Two-thirds of the engines are very old, some being built as far back as 1879. The passenger equipment is miserable: there is not a decent coach in the service of the road, all being of an antiquated type, long since abandoned by first-class roads. There is not a car in service with upholstered seats, being all of the old cane-bottomed variety. Tanks, station houses, and everything appertaining to the road are of the cheapest construction. The valuation I have placed upon the road is after making a general allowance for all details.

231 Cross-interrogatories.

Q. What experience have you had in civil and railroad engineering? Give in detail an account of your experience in this respect. Have you ever attended any college of civil engineering? Have you ever done anything in the shape of practical railroad building? If so, on what road and at what time? Is your knowledge theoretical or practical? If practical, what roads have you been connected with? Go fully into detail about the years during which you were so engaged. Have you ever been engaged in railroad or levee work, or both? If both, give the amount of time spent in each. Give us a résumé of all the experience you ever had in engineering or in any other capacity.

A. My engineering education and experience has been entirely practical, studying in the field and filling every position from rodman to chief engineer successively. My knowledge of the profession is therefore practical. This question is answered fully in reply to direct interrogatory No. 2.

Q. If, in response to the following interrogatory you should answer that you had ever been engaged in railroad work or in the construction of any railroad, please state whether you were engaged as a laborer or an engineer—that is to say, whether you laid
232 out or performed or estimated the work, or merely carried or operated a transit?

A. I have, as indicated in previous replies, filled every position from level-rod man to levelman, transit man, topographer, draughtsman, assistant engineer in charge of locating parties, resident and division engineer on construction (where I had charge of construc-

tion of from 10 to 75 miles of road) to chief engineer of construction in full charge.

Q. Have you ever built any station houses, tanks, roundhouses, or other buildings appertaining to railroads, and if so, what information have you with reference to the cost of same? Is it not a fact that you have no sort of information with reference thereto, except such as comes to the ordinary assistant engineer about railroad work?

A. I have at various times had charge of everything entering into the construction of a railroad, except a machine shop. In reply to last paragraph of this query will state that it is a fact that I have all information which I could obtain through 25 years of actual experience.

Q. Did you have any part in building the Columbia branch of the Gulf & Ship Island Railroad? Do you know anything about what it would cost to reproduce the said branch at this time?

233 A. I had nothing to do with building any part of the G. & S. I. R. R., and in reply to last paragraph, "yes."

Q. What is the source of your information as to the equipment of the Columbia and Laurel branches of the said road? Do you undertake to say that you know anything about the number of cars or locomotives or the other equipment hauled over said road? If so, deal specifically with the same and tell us what you know as to the number of cars, locomotives, etc., operated over the said branches, and tell us how you know that the statements made by you are accurate?

A. An actual examination. The total number of locomotives, cars, and etc., was given me by an official of the road. So far as I know there is no separate equipment for the branches, such rolling stock as the exigencies of the service demand being diverted from main line to branches from time to time. There is now on the road, main line and branches, 32 locomotives, 20 passenger and express cars, 100 box cars, and 660 flat cars, and, as above indicated, this equipment serves the whole system.

Q. How long since you have been on the line of the Laurel and Columbia branches of the Gulf & Ship Island Railroad? What do you know of the present manner in which they are operated.

234 By this I mean what do you know of your own knowledge independent of what some one may have told you? Will you testify that you have been on the line of Gulf & Ship Island Railroad within the last 12 months, and if so, will you state when you were last on its line, and from what point did you travel?

A. I left Vicksburg December 17th, 1903, for the purpose of going over the G. & S. I. R. R., and since that time (Dec. 17th, 1903, to Jan. 15th, 1904) have been over the main line and the branches twice, traveling on slow trains, walking and stopping at various points, as suited my convenience; covering the main line from Jackson to Gulfport and back. The Columbia branch from Maxie to Columbia and back, and the Laurel branch from Saratoga to Laurel and back, and Mendenhall out about 14 miles and back. The information I have about the road and equipment is the result of personal examination and talks with various employees of the road.

Q. In direct interrogatory 5 you are asked to give an idea of the present cash value of the said road and present equipment per mile on its said branches; I desire you to state when you last saw the said equipment and what you know about the same. By this I mean what you know about the cost or value of its cars, locomotives, and
235 other items entering into railroad equipment. Is it not a fact that you do not know anything about such items of cost?

A. I saw the equipment at various times and places Dec. 17th, 1903, and Jan. 15th, 1904. My valuation of the equipment is the result of my general knowledge of the value of locomotives, cars, etc., etc., having purchased such things myself and keeping up with their value through technical publications. In reply to last paragraph of last question, it is a fact that I do not know about such items of cost.

236 Mr. BOWERS. When was that deposition returned?

Mr. GREEN. It was returned some time ago. It was addressed to the Commission, my care, and I brought it on.

Mr. BOWERS. I have never had an opportunity to see those replies and did not know that the interrogatories were answered until this morning.

Mr. GREEN. Well, that is my fault. I kept it with the files. You never expressed any desire to see it.

Mr. BOWERS. I should want an opportunity to meet proof introduced under those circumstances. The paper has never been subject to my inspection until this moment. There was never a moment I could see it. I shall ask leave to furnish my friend some interrogatories during the day or as soon as possible, and have testimony taken before a commissioner.

Mr. GREEN. Certainly; we should be glad to cross them.

Mr. MILLER. I should like to introduce a slip made for convenience from the last annual report of the Gulf & Ship Island Railroad for the year ended June 30, 1903, showing gross earnings, operating expenses, and net earnings by months, and showing a comparison with the months of 1902.

237 Mr. BOWERS. From what report was that made up—the one filed with the Commission or the one made to the stockholders?

Mr. MILLER. I think the one filed with the Interstate Commerce Commission.

Mr. BOWERS. Who made it—who made that compilation?

Mr. MILLER. Mr. Gardiner.

Mr. BOWERS. Is it made from the report furnished the stockholders, Mr. Gardiner?

Mr. GARDINER. Yes, sir.

Mr. BOWERS. I have no objection to its introduction, provided I am given an opportunity to verify it and see that there is no mistake.

Mr. MILLER. I will call attention to the fact that there is an increase in net earnings for every month except February, 1903, when there was a decline of about a thousand dollars. The net earnings for the year ending June 30, 1902, were $452,855.34, and for the year ended June 30, 1903, $653,359.58.

(The paper is hereto annexed and marked "Exhibit No. 1 to Mr. Gardiner's testimony.")

238 Mr. MILLER. I would like to examine Mr. Gardiner for a moment.

GEORGE S. GARDINER, recalled.

Mr. MILLER. Mr. Gardiner, in New Orleans you were asked by Commissioner Prouty something in relation to tap-line allowances, whether or not you did not think it was equitable and right to retain a practice upon which people had acted in making their investments for so many years. I think you answered simply "No." If you have any further explanation to make in regard to that I would be glad to have you make it.

Mr. GARDINER. Mr. Prouty asked me substantially that question, and I answered "No." I would like to say this about that: That according to the testimony in the tap-line case in St. Louis last summer it developed that there were no contracts made with the mill men in regard to this tap-line rate or tap-line concession; that it was a voluntary concession on the part of the railroads and it was a concession made after the adjustment was made in the tariffs to
239 bring them to a uniform basis at Cairo. The timber land was bought, not from the railroad companies, but from individuals, and it was bought a considerable distance from the railroads and undoubtedly cost less than it would have cost if it were near the railroad. That, at that time, was the general situation.

Mr. MILLER. I want to ask you right there whether or not in the purchase of lands remote from the railway the cost of building and maintaining a logging line did not enter into the price and make the difference between the value of land near the railroad and remote from it in those days?

Mr. GARDINER. There is no question about that. When we located in Mississippi, we took into consideration the cost of building a railroad as a part of the plant, and as shown in the protest that I prepared ten years ago in regard to the advance in rates, the rates at that time were substantially the same to Central Traffic Association territory from both sides of the river. While they may not have been the same to Cairo, the rate to all the large consuming centers was the same from both sides of the river. Now, for that reason, it is
240 no more of an injustice to have the tap line withdrawn or cancelled on that side of the river than the injustice is to us to have that discrimination against us because we were in on the same basis in the commencement. That is the idea I had in regard to the question Commissioner Prouty asked me at that time.

Mr. MILLER. You were asked in New Orleans to produce certain returns of your company's business, which I think you undertook to do. Have you made that return, and if not, why not?

Mr. GARDINER. I was asked to make certain returns in regard to the financial exhibit of our company—dividends. I filed with the Commission a resolution passed by the board of directors of our company refusing to supply that information.

Mr. MILLER. Do you know, generally speaking, what their reasons were? Do you know whether or not any statement that could have been presented, would have effected your showing of the cost of producing lumber, and its value at the mill?

241 Mr. BOWERS. One minute. If the court please, the witness has refused to produce a statement, or his directors have refused to permit him, on his theory of it, to produce a statement to show certain matters with reference to which he was examined at New Orleans. The inquiry now is to have him testify as to the con-

tents of a paper which he refused to produce, or to draw conclusions from the paper. We submit that even under the very liberal rules that properly obtain here, he ought not be permitted to do so.

The CHAIRMAN. I rather understood him as making an explanation of the reasons that prompted him not to give the information.

Mr. BOWERS. He had already done so, and then the question was propounded by MR. Miller whether any statement he would have produced would have in any way conflicted with some other statements he had made with reference to the operation; at least, I so understood the question.

Mr. GARDINER. I say there would be no conflict. There was no question of that kind. It was a question whether we would care to divulge our private business in a case of this kind where we do not think it has any bearing. We do not consider that the ques-

242 tion whether we make ten dollars or whether we make one hundred dollars a day has any bearing on this case. That is the opinion of the board of directors. If I should put in for the last year or two years a statement of our profits, I should want to put in a statement all the way back, covering the time when we did not make a cent, but lost money on the operation. It would be unfair—anything of that kind. According to my notion of the case, it has no bearing on it whatever.

Mr. MILLER. I suppose you have liabilities too?

Mr. GARDINER. We have capital stock, liabilities, indebtedness, and all that sort of thing. I understood the court had ruled that it was not necessary to make that return.

The CHAIRMAN. Anything further to be asked Mr. Gardiner?

Mr. BAXTER. We wish to enter an exception to the ruling of the Commission that he is not bound to state the dividends that were realized from his business. We wish to get that exception upon the record to show that we have been cut out of testimony that we think we are entitled to.

Mr. MILLER. Mr. Gardiner, have you tabulated a compara-

243 tive statement of lumber rates into central traffic territory and elsewhere in the country from the published tariffs of the various railroads?

Mr. GARDINER. Yes, sir; I have quite a comprehensive statement prepared which I would like to file with the Commission.

(The same is hereto annexed and marked "Exhibit No. 2 to Mr. Gardiner's testimony.")

The CHAIRMAN. Is it a statement of lumber rates between other points, giving distances, etc.?

Mr. MILLER. Yes, sir; and showing rates per ton per mile.

Mr. BAXTER. This is testimony in chief brought in in rebuttal, and we will want the opportunity to check those rates and produce any additional rates to contradict those brought in on rebuttal?

The CHAIRMAN. Certainly.

Mr. MILLER. I want to say that we referred to the reports before the Interstate Commerce Commission, and they are simply extracted from those reports and presented this way for convenience.

244 It would be impossible for us to do it otherwise. Is there anything else, Mr. Gardiner?

Mr. GARDINER. I have one tariff here, I. C. C. No. 1707. I would like to introduce it.

The CHAIRMAN. Tariff of what road?

Mr. GARDINER. The Atchison, Topeka & Santa Fe, in regard to the allowance for the weight of stakes, simply showing that one of the large railroad systems makes an allowance for stakes.

Mr. MILLER. What road is that?

Mr. GARDINER. The Atchison, Topeka & Santa Fe.

Mr. MILLER. What page is that on?

Mr. GARDINER. Page 25.

Mr. MILLER. What is the allowance?

Mr. GARDINER. The allowance for six stakes is 300 pounds; eight stakes 350 pounds; ten stakes 400 pounds, and fourteen stakes 500 pounds. I suppose it is not necessary to introduce this.

Mr. BOWERS. Do you know of any other road besides that one that makes that allowance?

Mr. GARDINER. That is the only road that I know of.

245 Mr. BOWERS. You have made some investigation with a view of ascertaining.

Mr. GARDINER. Yes, sir.

Mr. BOWERS. And that is the only one you have discovered?

Mr. GARDINER. That is the only one I have discovered.

Mr. MILLER. When did that go into effect?

Mr. GARDINER. I do not know when that part of it went into effect. This tariff is effective November 24, 1902. I would like to say, in making up that tabulation of rates, that the rates from all southwestern points to Cairo and St. Louis, as far away as Beaumont, Lake Charles, and Orange, are now the same as they are from the east side of the Mississippi River in the Mississippi district. Formerly they were 2 cents higher. Now, so far as we can see, in eastern Texas and southwestern Louisiana, as far away as Beaumont, Lake Charles, and Orange, they are the same as from east of the river. They did not make the advance of 2 cents, or they did make it and then reduced the advance, and they are now on an equal basis.

246 Mr. BOWERS. Are you a member of the Southern Lumbermen's Association?

Mr. GARDINER. Yes, sir.

Mr. BOWERS. They had a meeting in New Orleans in January, did they not?

Mr. GARDINER. Yes, sir.

Mr. BOWERS. I have some papers here that purport to contain some extracts relative to the price of yellow pine, and I will read you an extract from the Southern Lumberman, of Nashville, Tenn., of February 1, 1904:

"The meeting of the yellow-pine men at New Orleans was a great meeting. Possibly the most important action taken was that in regard to the grading rules. Some considerable changes were made, not of a very radical nature, it is true, but important in the aggregate. The changes made were all in line with what the experience of the bureau of inspection has shown to be practicable and desirable. In the matter of prices, as will be seen by our report, the action of the meeting was very conservative. An advance of 50 cents per thousand was made on B edge-grain flooring, all grades of ¾-inch ceil-

247 ing, and No. 1 common partition; an advance of $1.00 on B partition; $1.50 on A partition. Four-inch finish was put at the same price as 6-inch, and the difference in price between all sizes

of first and seconds clear and third clear was put at $2.00 per thousand. On the new grade of 'select' in finish a price of $4.00 per thousand less than the revised price on third clear was made. On 1 x 12 No. 1, No. 2, and shiplap 18-foot lengths were made the same price as 20-foot lengths and then all items of these grades advanced 50 cents per thousand. No. 3 boards were advanced 50 cents. Price on No. 1 lath was put at $3.15. In another column we print the revised list in full, and only call attention to the above changes as of most interest and importance. The new list went into immediate effect on January 20th."

Is that statement a true résumé of the facts?

Mr. GARDINER. I was not a member of the price-list committee, neither was I present when the price list was adopted or the resolution was adopted. I presume that is true. I will say this, however, that the items covered in that list do not represent to exceed 10 or 15 per cent of the production of the mills.

248 Mr. BOWERS. The whole advance made?

Mr. GARDINER. Yes, sir.

Mr. BOWERS. The items read by me were the whole advance at that time?

Mr. GARDINER. The items you read there. I will say this, that since the 1st of January the price of common lumber, the actual sales we are making, common and No. 2 common constitute ⅔ of the product of the mills and they have declined from one to two dollars a thousand.

Mr. BOWERS. What is the cause of that decline?

Mr. GARDINER. A slackening of business; not a sufficient demand. Another thing that has caused it, I presume, has been the failure of the largest lumber company in the United States, which demoralized the lumber business to a considerable extent.

Mr. BOWERS. The effect of that failure, however, will be but temporary.

Mr. GARDINER. I know we are selling lumber at from one to two dollars less.

Com'r PROUTY. Do you mean a dollar to two dollars less than the list price or less than you were before?

249 Mr. GARDINER. Less than we were before, and that is to the extent of anywhere from 25 cents a thousand to $4.00 a thousand less than the list. The list is simply a guide we have to go by that is adopted by the convention. It is impossible to secure the full list price, and no undertakes to get it. It is a free field and two or three thousand people competing in the market for business, and we make our prices from day to day to secure the business.

Mr. BOWERS. Was there not a good deal said at that meeting in reference to keeping up list prices, and was not the general tone that every man should stiffen up to the list?

Mr. GARDINER. There was more or less talk of that kind.

Mr. BOWERS. Did not one gentleman there go so far as to encourage lumbermen to keep up to the list, assuring them that it was possible to do so, and saying that 15 lumbermen in the South that he could name could regulate the price of lumber?

Mr. GARDINER. Yes; he did state that, but he did not state that he was getting full prices for lumber.

Mr. BOWERS. Referring to this lumber on which the advance
250 was made, are not these three items in general use, and do they not constitute a large amount of the lumber: No. 1 partition, B partition, and A partition?

Mr. GARDINER. I do not think they represent one-half of our production.

Mr. BOWERS. Your production?

Mr. GARDINER. Yes, sir; or any single yellow-pine manufacturer.

Mr. BOWERS. To advance the price of 18-foot lengths to the same as 20-foot lengths is the same as an advance of price without advancing the price on the grade, is it not?

Mr. GARDINER. I presume that is true. If it were true, it would not represent an advance of one-half of one per cent.

Mr. BOWERS. When that is done and an advance of 50 cents is put on the whole class—where 18-foot lengths are made the same as 20-foot lengths and all are advanced, including shiplap 50 cents——

Mr. GARDINER. Shiplap would represent but very little.

Mr. BOWERS. What character of lumber is shiplap?

Mr. GARDINER. It is a lumber frequently used for lining
251 under the siding of a house. It is made with shiplap instead of a tongue and groove.

Mr. BOWERS (reading from Southern Lumberman). "The reports submitted at the pine meeting showed stocks in the hands of the wholesalers and retailers to be very limited, and that the prospects for an early opening of a large spring trade were never better. It was pointed out at the meeting as a most encouraging factor that the great rank and file of the consumers of yellow-pine lumber—the farmers and country builders—are, by reason of good crops and excellent prices for such crops, probably in a better financial shape than this country has ever known, and consequently their purchasing power is enlarged." Were not those facts discussed and generally assented to?

Mr. GARDINER. Oh, yes; but the fact is we are selling lumber at one to two dollars a thousand less than we were. There is no question about that, no matter how they discussed it.

Mr. BOWERS. You are not maintaining the price list?

Mr. GARDINER. Absolutely not.

252 Mr. BOWERS. And not maintaining these advances?

Mr. GARDINER. We are not maintaining them.

Mr. BOWERS. What was the condition of stocks at that time in the wholesale and retail yards throughout the country?

Mr. GARDINER. I really do not know, but from general information they were about the same or perhaps less than they were last year at this time. It would be natural that they would be less than they were. It would be natural because the market had been weak and dealers had been expecting a lower price and refrained from buying and ran their stocks down.

Mr. BOWERS. That is all.

Mr. MILLER. Did not the western influence prevail at that meeting?

Mr. GARDINER. Yes, sir; the mills west of the Mississippi were more largely represented.

Mr. MILLER. They dominated that meeting, did they not?

Mr. GARDINER. Yes, sir.

Mr. MILLER. I want to state here that we would like to refer
253 to the table of lumber rates introduced by the complainant in the case of the National Wholesale Lumber Dealers' Association against the Norfolk & Western Railway Company et al. The table is on page 93, and shows rates from Saginaw, Muskegon, Grand Rapids, and Manistee, Michigan, and Logansport, Elkhart, Fort Wayne, and Indianapolis, Indiana, and the rates in fractions of a cent per ton per mile as well as the distances to New York.

I would like to introduce an abstract of the report of the Gulf & Ship Island Railroad covering the years 1902 and 1903 taken from their annual reports.

(The same is hereto annexed and marked "Exhibit No. 3 to Mr. Gardiner's testimony.")

Mr. BOWERS. You have the only copy I have of those reports.

Mr. MILLER. They are filed with the Commission?

Mr. BOWERS. No; they were delivered to you. I gave you my office copy.

Mr. GREEN. I will ask Mr. Enochs to take the stand.

254 I. C. ENOCHS, recalled.

NOTE.—Exhibits Nos. 1 to 10, inclusive, but excluding Exhibit No. 3, which was not filed with the Commission, have been omitted from the printed record for the reason that they are compilations based upon the Statistics of Railways in the United States, which compilation can be used on the hearing in this cause by either party without being printed as part of the record, under stipulation of counsel of date July 14, 1905.

Mr. ENOCHS. I would like to say that I made a number of exhibits here. In figuring them I left them with my stenographer to rewrite, and they were to be forwarded me by mail. They have not yet reached me. I am satisfied they have been forwarded. I want the privilege of not filing these personal memoranda, but of filing those I expect instead of these. The information will be the same.

The CHAIRMAN. Will you have copies of those statements to furnish the other side?

Mr. ENOCHS. Yes, sir; I will furnish them copies.

Mr. GREEN. You have been sworn, Mr. Enochs?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. The question has arisen in this controversy as to the earnings and performances of the railroads north and south of the Ohio River, and I will ask whether or not you have from the statistical compilation of the Commission prepared a statement of earnings and income for 1902 to 1903 in groups 5 and 6 of the Illinois
255 Central Railroad Company, the Louisville & Nashville Railroad Company, the Southern Railroad Company, the Mobile & Ohio Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, and the New Orleans & Northeastern Railway Company for the years 1892, 1899, 1900, 1901, and 1902, showing as to group 5, freight revenue in 1902, and as to group 6 freight revenue in 1902 and the same in 1901; showing also the revenue per ton per mile, the earnings per train mile, the proportion to total earnings and the total earnings per train mile, and

the proportion to total earnings and income, and whether that compilation from the Statistical Record is correctly made.

Mr. Enochs. It is correctly made, and the pages from which it is taken are shown.

Mr. Green. I will call the attention of the Commission to the fact that in group 5 of the Illinois Central Railroad Company, south of the river, freight revenue was $10,824,151, and in group 6, north of the river, $16,886,632; that the revenue per ton per mile south of the river in group 5 is .619, as against .625 north of the river; that the earnings per train mile south of the river are 1.76618, as against 1.68472; that the proportion to total earnings south of
256 the river are 74.86, as against 64.17; that the total earnings per train mile south are 1.577, as against 1.513, and that the proportion to total earnings and income is 100 south and 88.14 north, and showing, as to the Illinois Central, the comparisons for those years, as stated, from 1892 to 1902.

It also shows the same information with respect to the Louisville & Nashville, the Southern Railway, the Mobile & Ohio, the Cincinnati, New Orleans & Texas Pacific, and the New Orleans & Northeastern. That is all in Group 5. We will file this as Exhibit No. 1 to Mr. Enochs's testimony.

(The same is hereto annexed and marked "Exhibit No. 1 to Mr. Enochs's testimony.")

Mr. Green. State whether or not, from the statistics of railways of the Commission you have prepared, the earnings in groups per mile of road operated of the Illinois Central for 1903 in group 5 and group 6, and for 1902, 1901, 1900, and 1899, and the earnings and miles operated and earnings per mile of the Louisville & Nashville in groups 5 and 6 from 1899 to 1902, inclusive, and whether that is a correct compilation, or not?

257 Mr. Enochs. It is

Mr. Green. I want to call the Commission's attention to the fact that the earnings of the Illinois Central in 1903 in group 5 were $16,193,850 for 1,374.71 miles operated, as against $29,124,609 for 2,926.39 miles operated in group 6, and that the earnings per mile of the Illinois Central in 1903 south in group 5 were $11,779.90, as against $9,952.33 in group 6 north.

Com'r Prouty. Does that give the net as well as the gross earnings?

Mr. Green. These are all gross earnings.

Mr. Enochs. I have not a table showing the net earnings, but I will make that table, if you desire it.

Com'r Prouty. I think that is more material than the gross earnings.

Mr. Green. This is to show the earning capacity of the two groups.

Com'r Prouty. I know, but what you want finally is the net earning capacity.

Mr. Green. The same information is contained in this as to
258 the Louisville & Nashville Railroad, except that we have not the Louisville & Nashville for 1903. We will file that as Exhibit No. 2.

(The same is hereto annexed and marked "Exhibit No. 2 to Mr. Enochs's testimony.")

Com'r PROUTY. Does the Illinois Central return to the Commission such a statement for its lines south of the Ohio and north of the Ohio?

Mr. ENOCHS. Yes, sir.

Com'r PROUTY. Then we have it.

Mr. GREEN. This was simply made for the convenience of the Commission—to avoid searching records. That was the object of it. Have you prepared a statement, Mr. Enochs, showing the earnings from operation and the miles operated north and south as to the Illinois Central?

Mr. ENOCHS. Yes, sir.

(The same is hereto annexed and marked "Exhibit No. 3 to Mr. Enochs's testimony.")

Mr. GREEN. Have you prepared from the statistical report of 1902 comparative summary of passenger and freight service for the years ending June 30, 1902, to 1892, showing the tons carried one
259 mile, tons carried one mile per mile of line, freight train mileage, average number of tons in train, average haul per ton, typical haul of the average railway, typical haul of all the railways regarded as a system, total revenue, train mileage, and total mileage of freight cars?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. Is that correctly compiled?

Mr. ENOCHS. It is.

(The same is hereto annexed and marked "Exhibit No. 4 to Mr. Enochs's testimony.")

Mr. GREEN. I want to call the Commission's attention to the fact that there is a gradual increase in the average number of tons in the train. There is an increase in the tons carried one mile and there is an increase in the total revenue of train mileage.

Mr. GREEN. Now, I will ask you whether from the said statistical report you have prepared a summary of the average daily compensation of railroad employees throughout the United States from 1892 to 1902, and whether that is correctly compiled?

Mr. ENOCHS. Yes, sir; it is.

260 (The same is hereto annexed and marked "Exhibit No. 5 to Mr. Enochs's testimony.")

Mr. GREEN. I want to call the Commission's attention to the comparison between 1892 and 1902 as to wages of railroad employees throughout the United States. In 1892 general officers were paid $7.83; in 1902, $11.17. In 1892 general office clerks were paid $2.23, and in 1902, $2.18. In 1892 station agents were paid $1.82, and 1902, $1.80; other station men in 1892, $1.68, and in 1902, $1.61. In 1892 enginemen were paid $3.68, and 1902, $3.84. In 1892 firemen were paid $2.08, and in 1902, $2.20. In 1892 conductors were paid $3.98, and in 1902, $3.21. In 1892 other train men were paid $1.90, and in 1902, $2.04. In 1892 machinists were paid $2.28, and in 1902, $2.36; and so on, throughout the list, comparing favorably the wage list in 1892 with 1902.

Com'r PROUTY. Does not the testimony in this case show that there has been a large advance in wages on the southern lines in 1903 as compared with 1902?

Mr. GREEN. No, sir; on the contrary, the only testimony that there has been any advance was that during the year there was an
261 advance of trainmen of about 12 per cent and, I think, 10 per cent to telegraph operators.

Com'r PROUTY. Wages in this northern country were advanced in 1902 and I had in mind that Mr. Wallace testified that the advances on the Illinois Central, south of the Ohio, had taken place in 1903 and not 1902.

Mr. MILLER. I think he said they were setting in.

Mr. GREEN. The object of this testimony is to show that the lines south of the river have a lower wage than those north and as compared with those throughout the United States.

Com'r PROUTY. Now, Mr. Enochs, you have examined this matter. Do you find that from 1892 there was a decline in wages down to 1895 or 1896, and that within the last two or three years there has been an increase?

Mr. ENOCHS. Yes, sir; that is the case.

Com'r PROUTY. So that they were not much higher in 1892 than in 1902?

Mr. ENOCHS. I think the statistics will show they were higher in 1892 than in 1902.

Mr. GREEN. As an average?

Com'r PROUTY. There was a decline from 1892, which was
262 greater than the advance previous to January 1, 1903.

Mr. ENOCHS. I mean to say this: That the statistics show that the advances made do not reach the condition of wages in 1892; that is, in the ten years' period.

Mr. GREEN. Have you prepared a statistical statement showing summary of average daily compensation for the years ending June 30, 1902, to 1892, by groups, and is that correctly compiled?

Mr. ENOCHS. It is.

Mr. GREEN. I want to call the Commission's attention to the fact that general officers in group 5 in 1902 were paid $10.35, and in group 6 they were paid $14.07. South of the river in group 5 other officers were paid $3.94 in 1902, and north of the river they were paid $6.89. General office clerks in 1902, south of the river, were paid $1.96, and north $2.14. In 1902 station agents south were paid $1.53; north $1.80. In 1902 other station men south were paid $1.38; north, $1.55. In 1902 enginemen south were paid $4.01 and enginemen north $3.71. In 1902 firemen south were paid $1.97, and north $2.24.

Conductors south were paid $3.12, and north $3.29. Other
263 trainmen were paid $1.75 south, and $2.04 north. Machinists south were paid $2.27, and north $2.29. Carpenters south were paid $1.83, and north $2.06. Other shopmen south were paid $1.58, and north $1.79. Section foremen south were paid $1.57, and north $1.64. Other trackmen south were paid $0.96, and north $1.34. Switch tenders, crossing tenders, and switchmen south $1.68, north $2.01. Telegraph operators and dispatchers south $1.80, north $1.98. Employees' account, floating equipment, south $1.45, north $1.83. All other employees and laborers $1.47 south and $1.91 north. As to the comparison of wages paid in 1901 and 1902, in 1901 the general officers were paid $10.47, and 1902 $10.35. Other officers in 1901 were paid $4.05, and in 1902 $3.94. General office clerks in 1901 were paid

$2.20, and in 1902 $1.96. Station agents were paid in 1901 $1.52, and in 1902 $1.53. Other station men were paid in 1901 $1.37, and in 1902 $1.38. Enginemen were paid in 1901 $3.90, and in 1902 $4.01. Firemen were paid in 1901 $1.96, and in 1902 $1.97. Conductors were paid in 1901 $3.14, and in 1902 $3.12, and so on through the list, showing as a general proposition that the wages in 1901 were larger on the average than in 1902.

264 (The paper above referred to is hereto annexed and marked "Exhibit No. 6 to Mr. Enochs' testimony.")

Com'r PROUTY. Do you claim there has been no advance in wages in that southern territory—that wages are no higher?

Mr. GREEN. We claim there has been some advance, but that the advance north has been very much greater than south, and that our labor troubles are not what they are in the north. The labor difficulties are not as great as in the north. These figures are from the official reports and are compiled merely for the convenience of the Commission.

Mr. BAXTER. I would suggest for the consideration of counsel on the other side that it would expedite matters very much with these compilations he has made from the statistics of the Commission if he would state the general results he expects to show by each exhibit instead of calling off the items.

Mr. GREEN. The difficulty about that is that it is absolutely impossible to carry statistics of that sort and to announce them accu-

265 rately. I know this is a little prolix, but I trust the Commission will indulge me. I will ask you, Mr. Enochs, if you have prepared from the Statistical Report a classification of employees by groups and per hundred miles of line, and whether that statement is accurately prepared?

Mr. ENOCHS. It is.

Mr. GREEN. This shows that the number of employees per hundred miles of line are greater in group 6 north of the river than in group 5 south of the river.

(The paper is hereto annexed and marked "Exhibit No. 7 to Mr. Enochs' testimony.")

Mr. GREEN. State whether or not you have prepared from the Statistical Report of 1902 a summary of equipment, by groups, locomotives and cars, and the assignment of equipment per one thousand miles to length of line by groups, and whether that is accurately compiled.

Mr. ENOCHS. It is.

(The same is annexed and marked "Exhibit No. 8 to Mr. Enochs' testimony.")

Mr. GREEN. This shows that in group 5 the locomotives were

266 1,751 and in group 6, 4,686; cars, group 5, 102,188; group 6, 321,130. Assignment of equipment per thousand miles to length of line, by groups, group 5, 77 freight locomotives; group 6, 103 freight locomotives. Cars, group 5, 4,500 freight cars; group 6, 7,019 freight cars. As to the assignment of equipment to amount of traffic by groups, in group 5 the tons carried per freight locomotive were 45,434, as against 48,850 in group 6. The ton miles per freight locomotive in group 5 were 6,623,442, as against 6,377,796 in group 6. The freight cars per million tons of freight carried in group 5 were 1,284 and in group 6, 1,528.

State whether you have prepared from said Statistical Report a summary of freight-traffic movement for the year ending June 30, 1902, of the United States, to show the total freight tonnage on the several commodities and also the freight-traffic movement by class of commodity originating on line of reporting roads, and summary of freight-car mileage for the year ending June 30, 1902.

Mr. ENOCHS. You mean by groups?

Mr. GREEN. Yes, sir.

Mr. ENOCHS. I have.

267 Mr. GREEN. Is this the statement which we have marked "Exhibit No. 9?"

Mr. ENOCHS. It is.

Mr. GREEN. It shows that the total freight tonnage of products of the forest were 88,653,853, or second in rank, and that the products of the forest were 18.65 per cent of the aggregate tonnage; that the mileage of empty cars in group 5 was about balanced north and south, and that in group 6 it was 306,633,833 north and 345,548,964 south.

(The paper is hereto annexed and marked "Exhibit No. 9 to Mr. Enochs' testimony.")

Mr. GREEN. State whether from said statistical report you have prepared a summary showing taxes and assessments of the railways in the United States, and whether that is correctly compiled.

Mr. ENOCHS. It is.

Mr. GREEN. State whether that does not show that the aggregate taxation of railways in group 5 is markedly less than in group 6.

Mr. ENOCHS. It does.

(The same is hereto annexed and marked "Exhibit No. 10 to Mr. Enochs' testimony.")

268 Mr. GREEN. We wish to read into the record, by reference from the Preliminary Report on the Income Account of Railways in the United States for the year ending June 30, 1903, page 8, the table showing summary of earnings from operation and operating expenses for the year ending June 30, 1903, and comparative summary of results for the years ending June 30, 1903, 1902, 1901, 1900, 1899, 1898, 1897, 1896, and 1895, so far as it applies to the freight service, and also the report of "gross earnings accruing to the railway companies from the operation of 201,457.14 miles of line during the year ending June 30, 1903, as shown in the summary above, were $1,890,150,679. The gross earnings for the preceding year on 200,154.56 miles, as shown in the final report, were $1,726,380,267. Of the total gross earnings as given for the year under consideration, earnings from the passenger service amounted to $508,683,009, or 26.91 per cent, and earnings from the freight service amounted to $1,335,768,581, or 70.67 per cent. Earnings from various sources other than those incidental to operation, including a small amount not classified, aggre-

269 gated $45,699,089, or 2.42 per cent. Gross earnings averaged $9,382 per mile of line. This average is $575 higher than the average stated in the complete report for the year ending June 30, 1902, for which year the average gross earnings per mile was higher than it had been for any preceding year for which a statistical report had been published by the Commission. Of the gross earnings per mile of line for 1903, the earnings from the passenger service were $2,525 and from the freight service $6,630. It should be noted that the inclusion of returns in the final report for the year from some

roads of which the earnings per mile are relatively small may slightly lower the averages given.

"The operating expenses of the railway lines which are included in this preliminary report totalized $1,248,520,483. This amount is equivalent to an average expenditure of $6,197 per mile of line operated, or of $620 more than the average computed from the complete returns for 1902. The ratio of operating expenses to earnings, as based on these advanced figures, and so subject to slight change, was 66.05 per cent, thus exceeding the ratio for 1902, which was 64.66 per cent.

270 "The net earnings, called in the preceding summary 'Income from operation,' of the railways for which report is made were $641,630,196. This amount exceeds the net earnings of practically the same lines for the preceding year by $34,082,270. On the same mileage basis, the net earnings per mile averaged $169 more in 1903 than in 1902."

By reference we wish to read into the record from said income report the summary of earnings on page 10 as to groups 5 and 6; the income for the Southern Railway Company's line in Virginia and the Carolinas as contained on page 36; the summary in said report that pertains to the Alabama & Vicksburg Railway, the Cincinnati, New Orleans & Texas Pacific Railway, and the Illinois Central Railroad line south of Cairo, Ill., page 38 of the report; on page 40 that of the Louisville & Nashville Railroad Company's lines south of the Ohio River, the New Orleans & Northeastern, the Southern Railway west of the Virginia and Carolinas; in group 6, page 44, Illinois Central Railroad, north of Cairo, Ill., and Louisville & Nashville, north of the Ohio River; on page 62, the

271 general summary as to the Southern Railway, north and south, the Mobile & Ohio Railroad, the Illinois Central Railroad, and the Louisville & Nashville Railroad. We wish to direct the attention of the Commission to the statement of the Illinois Central south of Cairo, on page 38, in which it shows that the net earnings for 1902 were $5,023,320, and in 1903, $5,569,609, and that the surplus from operations for the year were $2,696,421, and for the Illinois Central north of Cairo the net earnings of 1902 were $9,549,587, and of 1903, $9,780,584, and that their surplus from operation resulted in a deficit of $2,500,681, and that the income from other sources was all credited to the lines north of the Ohio River, and that in the general summary of the Illinois Central, combining both lines, the surplus from operation is given as $195,740, which is the amount remaining after the deficit from operation of the lines south of the river of $2,500,000 had been absorbed.

The CHAIRMAN. We will take a recess until 2 o'clock.

At 12.30 o'clock p. m. the Commission took a recess until 2 o'clock p. m.

272 AFTER RECESS.

2 o'clock p. m.

Mr. ENOCHS resumed the stand.

Mr. GREEN. From the annual report of the Gulf & Ship Island Railroad Company, I wish to offer in evidence, page 10, income, the gross earnings, operating expenses and taxes, fixed charges, etc., of the year in comparison with the previous year, which were as

follows: Average miles operated in 1903 and 1902, 251; gross earnings 1903, $1,705,047; 1902, $1,374,684. Operating expenses and taxes, $1,079,618 in 1903, and $940,514 in 1902. Net earnings in 1903, $625,429; in 1902, $434,170. It shows also that the percentage of operating expenses and taxes to earnings in 1902 was 68.42, and in 1903, 63.32, and that the increased per cent of operating expenses had been 14.79 per cent, and the net earnings per mile of road for 1903 were $2,492 as compared with $1,730 in 1902. This whole report has been offered in evidence, and I want to call the Commission's attention a little sharply to those parts of it. Mr.
273 Andrews produced a tabulation of the income, expenses, etc., of the Illinois Central from January 1st, 1883, to June 30, 1903, and it was offered in evidence yesterday. Will you please state, Mr. Enochs, whether or not you have examined and how much of the income for the years 1898 to 1903, inclusive, were expended on permanent improvements and other expenditures paid from income.

Mr. ENOCHS [referring to paper]. In 1898, $1,726,452; in 1899, $1,475,040; in 1900, $2,416,674; in 1901, $3,145,400; in 1902, $4,994,502; in 1903, $4,981,253; total, $18,729,321.

Mr. GREEN. I hand you an alphabetical list of cars of lumber shipped to stations in Iowa and other States beyond I. C. junction points showing from 1891 to 1903 average loading and stencil capacity to show comparative performance with present period. I will ask you to examine that statement and state what it means.

Mr. ENOCHS. The average car capacity on 53 cars was 20.75 tons and the average loading of 61 cars was 15 tons, 5.75 tons short, or 72.5 per cent of car capacity. The average car earning on 61 cars was $97.72.

(The paper referred to is hereto annexed and marked "Exhibit No. 11 to Mr. Enochs' testimony.")

274 Com'r. PROUTY. How were those cars selected?

Mr. ENOCHS. I state that this is an alphabetical list. They begin with A and run to S—that is, inclusive, making the alphabet the basis of the selection. I took those out of my freight-bill files and have the freight bills to file with them. The freight bills are to be attached to this.

Mr. GREEN. State whether that is a fairly representative statement of what it purports to show at that time?

Mr. ENOCHS. I think it is thoroughly fair. It shows the car capacity.

Mr. GREEN. I show you a list taken from the American Lumberman, the report of George K. Smith to the Southern Lumber Manufacturers' Asosciation at its meeting January 19th, 1904, published in American Lumberman of January 23rd, 1904, page 38, giving clearing house record of the association for the year from January 1st, 1903, to January 1st, 1904. State who George K. Smith is, and how this compilation happens to be made.

Mr. ENOCHS. George K. Smith is secretary of the Southern Lumberman's Association. He makes that tabulation and re-
275 ports it annually to show the movement of yellow pine lumber as shipped by the members of that association and by them reported.

Mr. GREEN. Into what territory?

Mr. ENOCHS. Well, there is no limit to the territory. Part of it is south of the river and part north.

Mr. GREEN. They are interior shipments?

Mr. ENOCHS. Interior shipments.

Com'r PROUTY. How does he get these figures?

Mr. ENOCHS. By the monthly reports of the members. I think there are some who are not members of the association who make reports of their movements. He sends out a request monthly for reports of movement. It is tabulated and published—that is, it is published in the American Lumberman and the tabulation is sent to all persons reporting and as many other people as will put themselves on the list.

Com'r PROUTY. Do you know anything about what part of the total output that represents?

Mr. GREEN. What per cent of the mills does that represent?

276 Com'r PROUTY. Yes; what per cent of all the mills does that represent in capacity?

Mr. ENOCHS. This shows 365 mills reporting in 1902 and 595 mills reporting in 1903. Now, the people operating mills in the whole group of Southern States will amount to from twenty to thirty thousand people, including all the little people. This, however, is thought to represent about 70 per cent of shipments of yellow pine mills from the southern section.

Mr. GREEN. What does this show as to the relative cut of the 81 mills in Arkansas in 1903 as compared with 1902—a decrease or increase?

Mr. ENOCHS. It shows an increase.

Mr. GREEN. Of about how much?

Mr. ENOCHS. About twenty-five millions.

Mr. GREEN. What does it show as to Alabama?

Mr. ENOCHS. It shows an increase of about fifty-nine millions.

Mr. GREEN. How many mills reported in 1902 and 1903?

Mr. ENOCHS. Fifty-two in 1902 and fifty-three in 1903.

Mr. GREEN. Now, Louisiana?

277 Mr. ENOCHS. Louisiana shows an increase of about eighty millions, eighty mills reporting in 1902 and 103 reporting in 1903.

Mr. GREEN. Missouri?

Mr. ENOCHS. Missouri shows about twenty-seven million decrease in 1903 from 1902, and six mills reporting in 1903, whereas seven mills reported in 1902.

Mr. GREEN. Texas?

Mr. ENOCHS. Texas shows an increase of about eighty millions in 1903 over 1902, seventy-two mills reporting in 1903 and seventy-one in 1902.

Mr. GREEN. Mississippi?

Mr. ENOCHS. Mississippi shows about fifteen millions less cut in 1903 than in 1902, eighty mills reporting in 1903 and seventy-four mills reporting in 1902.

(Paper above referred to is hereto annexed and marked "Exhibit No. 12 to Mr. Enoch's testimony.")

Mr. GREEN. From the American Lumberman of January 23, 1904, there is taken a compilation of the Chicago market on yellow pine

lumber in dollars and cents from 1887 down to 1897, showing the prices per thousand feet during that time. State whether or not that is properly compiled.

278 Mr. ENOCHS. It is properly compiled.

Mr. GREEN. We will make that Exhibit No. 13.

(The same is hereto annexed and marked "Exhibit No. 13 to Mr. Enoch's testimony.")

The CHAIRMAN. That shows prices at what points?

Mr. GREEN. It shows prices from 1887——

The CHAIRMAN. Prices at what place?

Mr. GREEN. Chicago. These are delivered prices in Chicago, are they, Mr. Enochs?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. I show you an exhibit of 50 cars carried by the Illinois Central Railroad from Fernwood, Miss., in December, 1902, to show car performance on the Illinois Central Railroad in the period of the alleged decreasing increase, and ask you whether that actually shows the transactions and whether it properly states the facts?

Mr. ENOCHS. It does. Fifty-one cars travelled an average per day of 2,207 miles. The average car capacity was 28.95 tons on 44 cars, and the average loading on 51 cars was 24.95 tons.

Com'r PROUTY. How did you select those cars?

279 Mr. ENOCHS. I took my daybook journal and took them down and then went into my freight-bill file and took all the files where I had complete records.

Com'r PROUTY. You took the first cars you came to where you could supply the full record?

Mr. ENOCHS. I did.

Mr. GREEN. That is Exhibit No. 14.

(The same is hereto annexed and marked "Exhibit No. 14 to Mr. Enochs' testimony.")

Mr. GREEN. I show you an exhibit of 25 cars shipped to Niagara Falls, showing proportion of receipts by shipper and transportation companies, car performance, and earnings on initial and connecting lines. Explain that to the Commission and state whether or not it is fairly compiled and how it was compiled.

Mr. ENOCHS. It was fairly compiled and was compiled just as I have stated. It shows the transactions between January 10, 1903, and December 23, including all the transactions where I had complete records. It shows the total amount of tonnage to be 1,710,000.

280 That was the car capacity. The load was 1,328,325 pounds; the average capacity of cars used, 34.20 tons; the average haul, 26.56 tons, 7.64 tons short, or 77.58 per cent of the car capacity. Freight paid was $4,138.57, and the shippers' net interest 4,088.14, or $50.43 excess for the railroad, or $2.01 per car. In making the shippers' net interest I used 2 per cent as the cash discount.

Com'r PROUTY. What is the rate to Niagara Falls?

Mr. ENOCHS. It was 31 cents on this compilation. Days on the I. C. Railroad, 374; on the Erie Railroad, 86; Michigan Central, 25. The Erie handled eight of the cars, the Illinois Central 25, and the Michigan Central 17. Miles on the Illinois Central, 19,082; on the Erie Railroad, 5,051, and on the Michigan Central, 8,500; 49 miles daily average travel on the Illinois Central, 47 daily average travel on the Erie, and 340 miles daily average travel on the Michigan

Central. Daily earnings on the Illinois Central, $7.11; daily earnings on the Erie Railroad, $5.08; daily earnings on the Michigan Central, $32.56. I should say that 11 of the 17 cars that the Michigan Central handled were hauled 500 miles in one day.

Com'r PROUTY. Where were those cars delivered to the
281 Michigan Central—at Chicago?

Mr. ENOCHS. They were delivered to the Michigan Central at a junction just this side of Chicago.

(The paper above referred to is hereto annexed and marked "Exhibit No. 15.")

Mr. GREEN. I show you an exhibit which purports to show freight-car travel of the Illinois Central cars in 1891 to 1893, and loading of same, and ask you to explain it and what transactions it purports to represent and whether they are fairly representative transactions.

Mr. ENOCHS. This exhibit shows the travel of 31 cars from mill point to points in Iowa and Illinois to be 156 miles daily travel; aggregate car capacity, 21.83 tons; aggregate car loading, 16.42 tons; 5.40 tons short or 75 per cent of car capacity.

Mr. GREEN. How did you make that exhibit up?

Mr. ENOCHS. I went into my freight bills and selected them, and I have the freight bills here.

Mr. GREEN. As to its representative character, how was it made up?

Mr. ENOCHS. That exhibit is something better than the
282 average. That was a selected exhibit. In that period we did not get that average car travel.

Mr. GREEN. In other words, that is better than the average?

Mr. ENOCHS. Better than the average.

Mr. GREEN. You selected from bills that show better than the average?

Mr. ENOCHS. Yes, sir.

(The statement is hereto annexed and marked "Exhibit No. 16 to Mr. Enochs' testimony.")

Mr. GREEN. I show you an exhibit to show car loading and revenue of 20 open cars shipped from Fernwood, Miss., to the Chicago Cold Storage Company, Chicago, Ill., from the 17th of March to the 14th of April, 1903, and will ask you to state whether that is an actual transaction and what that exhibit shows?

Mr. ENOCHS. This is an actual transaction and includes all this lumber shipped from Fernwood, Miss., to the Chicago Cold Storage Company between the dates named. The average car capacity was 37.25 tons; average loading, 38.16 tons—.86 tons over car capacity, or 102 per cent as to the cars loaded and 24 per cent over average
283 car capacity of Illinois Central cars of 1901–2 and 16 per cent over car capacity of 1902–3. The average revenue per car to Chicago on a 24-cent rate is $182.91. This shipment was made immediately prior to the advance and I stopped the exhibit—of course the shipments that went out on the 16th went out on a 26-cent rate and these were all made on a 24-cent rate. If a 26-cent rate were used, the average car earnings would have been increased $15.23 per car, or $198.14 per car. On this shipment in one train the revenue would be $3,743.65 on a train of 30 cars. This would show $5,487.30. I made it on 40 cars, but in view of the testimony yesterday I assumed that 40 cars would not move under that loading.

Mr. GREEN. We will have this typed. There have been some alterations made.

(Statement is hereto annexed and marked "Exhibit No. 17 to Mr. Enochs' testimony.")

Mr. GREEN. I now show you an exhibit purporting to show comparison of various commodities with yellow-pine lumber, cypress lumber, cypress shingles, sash weights, window glass,
284 cement, lime, fertilizer, cotton-seed hulls, cotton-seed meal, coal, live stock, furniture, and cotton, and ask you to state whether or not those represent actual transactions in your own business.

Mr. ENOCHS. The cars listed are transactions that were handled into our place—that is, at Fernwood, Miss., and Jackson, Miss., where we have plants. The cypress shows an average car capacity of 26.32 tons on 13 cars. That includes all cars of cypress we bought in the year. The loading was 21.25 tons—5.07 tons light, or 81.11 per cent of car capacity. The price per thousand feet paid to the shipper net was $28.75. The proportion of freight on a 26-cent rate was 24.54 per cent. The proportion of freight on a 31-cent rate was 27.91 per cent. Oak lumber: 8 cars shows an average car capacity of 30.62 tons; average car loading, 24.03 tons—short 6.65 tons, or 78.47 per cent of car capacity. The proportion of freight on a 26-cent freight rate was 16.21 per cent, and the average price per thousand feet paid for this lumber was $60.18.

Com'r PROUTY. Can you not state what that exhibit shows without giving us the figures? We do not remember these
285 figures. Perhaps my associates do, but I do not. The testimony shows already that oak lumber is worth a good deal more than pine. Put enough into the record so that whoever examines it will have his attention called to the exhibit.

Com'r FIFER. Yes; identify it.

Com'r PROUTY. Not only identify it, but state what is shown in it.

The CHAIRMAN. Explain, briefly, in connection with each one what proposition it tends to support.

Mr. ENOCHS. I intend to support the idea, or rather I propose to rebut the idea advanced by the opposition that lumber furnished relatively a low loading capacity for transportation.

Com'r PROUTY. You can state in reference to your exhibit that lumber loaded from 75 to 82 per cent of the capacity of the car, and the exhibit shows that.

Mr. ENOCHS. Our exhibits will show that it loads up to 100 per cent.

Com'r PROUTY. You have not read those yet?

Mr. ENOCHS. Yes, sir; I read one at 102 per cent.

Com'r PROUTY. Most of them show from 75 to 82.

286 Mr. ENOCHS. Well, we have others. They will run from 75 to 90 per cent.

Com'r PROUTY. When you come to an exhibit, say it shows that the lumber loaded from 72 to 82 per cent, or whatever it may be.

Mr. ENOCHS. I purpose to show not only its loading capacity but its proportional value. Then at the bottom I propose to show a dozen commodities actually handled, and the percentage of loading which pertains on lumber as compared with these other commodities.

Com'r PROUTY. State that without reading the figures.

Mr. ENOCHS. That last tabulation I have not the figures on. I will make that final tabulation, and file it as the conclusion of this exhibit. In the meantime I would like to call your attention——

Com'r PROUTY. You have in your hand an exhibit that refers to cement, live stock, and other things. Turn over to that.

Mr. ENOCHS. I was on the question of cypress shingles.

Com'r PROUTY. What is the loading?

Mr. ENOCHS. 67.75 per cent of car capacity.

287 On sash weights the car capacity was 33.34 tons, and the loading 63.38 per cent of car capacity. On window glass the loading was 70 per cent of car capacity, and the proportion of freight was 8.25 per cent of the purchase value. Cement shows 63.32 per cent of car capacity. I did not make the comparison as to value on the cement and these other things, because they were not directly related to lumber. Lime shows a loading of 44.32 per cent; fertilizer, 66.79 per cent. I want to say with reference to coal, that coal bought by our concern last year, 4 cars, for domestic use, showed a car capacity of 82.11.

The CHAIRMAN. You mean a loading capacity?

Mr. ENOCHS. A loading capacity of 82.11 per cent of the car capacity, and that is within the limit of the tariff, which allows 10 per cent on all their cars, and it allows 72,000 pounds as a minimum load on the 100,000-pound cars.

Mr. MILLER. What tariff is that?

Mr. ENOCHS. Interstate Commerce Commission, E–264. I wanted to make an exhibit and a comparison——

Com'r PROUTY. Have you filed that last exhibit?

288 Mr. GREEN. No, sir; it is Exhibit No. 18.

(The same is hereto annexed and marked "Exhibit No. 18 to Mr. Enochs' testimony.")

Mr. ENOCHS (referring to statement). This is a comparison I wanted to make between seven double loads consigned to St. Louis, which is one of the kinds of lumber products which is objected to, with seven loads of live stock shipped by our concern to the same market.

Com'r PROUTY. How does the rate compare?

Mr. ENOCHS. The rate on live stock is $75 per car, the average earning for seven cars of live stock was $450.

Com'r PROUTY. You mean they make a rate simply of so much per car?

Mr. ENOCHS. They make a rate of $75 per car and the average loading was in this case between twenty and twenty-one thousand pounds per car. It was 37.9 per cent of the car capacity. The earnings of the seven cars of lumber were $94.18 per car against $75 per car on the live stock.

Com'r PROUTY. What was the average loading of the cars of lumber?

289 Mr. ENOCHS. The average loading of the cars, of the first three cars was 74 per cent, of the second two cars 76.41 per cent, and of the third two cars 75.25 per cent.

I have a comparison between the earnings of cotton-seed oil and lumber—tank-car transportation—which I would like to file.

Mr. GREEN. Now, as to cotton as compared with lumber.

Mr. ENOCHS. I have here a report made by Mr. Frank Anderson, secretary of the Mississippi Valley cotton tariff committee. It shows interior compress loading for 17 compresses and shipments by 9 transportation companies for the months of October, 1901, 1902, and 1903.

Mr. GREEN. In Mississippi?

Mr. ENOCHS. In Mississippi. The average loading in 1901 was 47.8 bales, in 1902, 47.5 bales, and in 1903, 51.6 bales. This comparison was made to show the comparative rates on compressed cotton and on lumber, and car revenue between Jackson, Miss., and ten points selected in central traffic territory. The average rate on cotton is 11.75 cents higher than on lumber. The average rate on cotton is 51.9 cents and on lumber 29.65 cents. The average loading for October, 1903, by the 9 railroad lines from the 17 in-
290 terior stations was 25,800 pounds, which is 40.23 per cent of the box-car capacity of the Illinois Central Railroad in this year, 1903, or 12.60 tons per car. Therefore, when a lumber car is loaded with 22.05 tons, or 44,100 pounds, it is earning the maximum average cotton earning from our section. That takes the best statement they have been able to make, and it takes these figures in which the cotton-compress people are interested.

Mr. GREEN. What is the relative desirability of cotton and lumber as traffic in respect to its danger of destruction?

Mr. ENOCHS. The comparison is very favorable to lumber.

(The papers above referred to by Mr. Enochs are hereto annexed and marked "Exhibit 18½ to Mr. Enochs' testimony.")

Mr. GREEN. I show you an exhibit purporting to be from Eastman, Gardiner & Co., shipments via Gulf & Ship Island Railroad during March, 1903, to a number of destinations throughout the Northern States, to show the time of shipment, the time of arrival at destination, and the time of movement of the cars. State whether or not that compilation has been carefully compiled and whether it states the facts.

291 Mr. ENOCHS. The compilation was furnished me by Mr. Frank Wisner on my request.

Mr. GREEN. Who is Mr. Frank Wisner?

Mr. ENOCHS. He has charge of the office of Eastman, Gardiner & Co.

Mr. GARDINER. I am satisfied those figures are correct. I looked them over.

Mr. ENOCHS. It grew out of a discussion Mr. Gardiner and myself had about the effect of congested shipments; the situation as it would affect the revenue of the railroad company, and I made my own statement for that purpose and I wanted his to show the same thing.

Mr. GREEN. To illustrate, it shows that a shipment to Grover Hill, Ohio, took 74 days in movement; to Indianapolis, Indiana, 33 days; to Greenfield, Ohio, 16 days; to Kirklin, Indiana, 32 days; to Kalamazoo, Mich., 21 days; to Indianapolis, 17 days, and so on; to Concord, N. H., 104 days; to Indianapolis, 52 days; to Peoria Ill., 66 days. We will make that Exhibit No. 19.

(The same is hereto annexed and marked "Exhibit No. 19 to Mr. Enochs' testimony.")

NOTE.—Exhibit No. 19 omitted in printing by consent.

292 Mr. ENOCHS. The average days on the Gulf & Ship Island and the New Orleans & Northeastern are very much in favor of the New Orleans & Northeastern.

Mr. GREEN. I wish to call attention to the income account in the 55th annual report of the Mobile & Ohio Railroad Company, filed as an exhibit to Mr. Taylor's testimony, page 5. It shows that the gross earnings from operations have increased from 1902 to 1903 $977,491.85, and that the operating expenses and taxes had increased $721,985.38, and the net income from operation had increased $255,506.47, as between 1902 and 1903, and that there was a dividend paid on the stock of 2 per cent and a balance carried to profit and loss in 1903, after paying the dividend of $305,213.93, as against a balance carried forward in 1902 of $124,050.22, making an increase of $181,163.71. I wish also to call attention to the table of operating accounts on page 9 and the tonnage movement, and to the statement on page 10 that the rail renewals during the year include 16,674 tons of new 75-pound steel, or about 141 miles. There were on hand at the close of the year 9,422 tons of serviceable relaying rails. Con-

293 tracts have been made for 13,500 tons of new 75-pound steel rails to be delivered during the next fiscal year. During the past two years 216 miles of new 75-pound rail have been put in the track, replacing 56-pound and 60-pound rail. During the year 5.97 additional sidings were constructed, as compared with 15.06 miles during preceding year. The passing tracks already completed have greatly improved the facilities for handling trains, but the demands of increased traffic will make further additions necessary in the immediate future.

I wish also to call attention to the table in regard to equipment for the years 1902 and 1903. The expense of conducting transportation increased $223,091.11, or 8.89 per cent, more than half of which was in cost of fuel. General expenses increased $12,186.30, or 5.59 per cent, while the ton miles increased 148,903,944, or 18.01 per cent, and the passenger miles increased 2,776,482, or 7.95 per cent.

Com'r PROUTY. Give the per cents in those cases without the figures.

294 Mr. GREEN. As I was reading from the report I did not want to use language other than the report. I wish also to call attention to income account in the report of the Mobile & Ohio, page 18, showing the comparative statements as between 1902 and 1903 and the increases. Now, Mr. Enochs, I show you an exhibit purporting to show the average value of steel rails in periods of five years at mills in Pennsylvania, taken from the Statistical Abstract of the United States for 1902. State whether or not that has been correctly compiled, and generally what it shows.

Mr. ENOCHS. It has been correctly compiled and it shows the average price of steel rails at the mills in Pennsylvania for 20 years, in five-year periods. From 1902 to 1898, inclusive, the average price was $26.57; from 1897 to 1893, inclusive, the average price was $24.61; from 1892 to 1888, inclusive, the average price was $30.15; from 1887 to 1883, inclusive, the average price was $33.51. The low level of rails was reached in 1898, so that the prices between 1897 and 1898, which is the dividing line between the last ten-year period, gives the low value.

(The statement referred to is hereto annexed and marked "Exhibit No. 20 to Mr. Enochs' testimony.")

295 Mr. GREEN. If you have in your possession any tariffs, old tariffs, of the Illinois Central road, will you kindly produce them and file them in evidence and generally call the attention of the Commission to the relation that they bear to the present rates?

Mr. ENOCHS. I have a tariff issued August 19, 1889.

Mr. GREEN. What road?

Mr. ENOCHS. It is the tariff issue of the Illinois Central between points beyond Chicago. I believe it is the Chicago, Milwaukee & St. Paul, but it does not show it. The price quoted through at that time is 26 cents. The Chicago division was 23.6.

Mr. GREEN. How do the rates marked on that tariff sheet compare with the rates at the present time under the present tariff sheets?

Mr. ENOCHS. As 26 to 29.

Mr. GREEN. You have marked on the face of this tariff the present rate under the 2-cent advance, have you?

Mr. ENOCHS. I have marked on that tariff the present rates.

Mr. GREEN. In pencil?

Mr. ENOCHS. In pencil.

296 Mr. GREEN. And it shows under the advance rate in question that the rate is 29 cents when under the rate in 1889 it was 26 cents?

Mr. ENOCHS. Yes, sir.

Mr. MILLER. That is offered in response to Mr. Hudson's suggestion of getting back to the rate of 1889.

Mr. ENOCHS. Here is another of August 24, 1892.

Com'r PROUTY. Those tariffs are all on file with us. Everything since 1887 is on file here.

Mr. GREEN. We thought it would facilitate your honors in the investigation if we took these old tariffs and marked the differential on the face in pencil so that you would not be put to the trouble of searching for them.

Mr. ENOCHS. Or I will make a tabulation of them by number.

Com'r PROUTY. You might do that. I did not suppose there was any dispute about these tariffs since 1889.

Mr. GREEN. No, sir; there could not be as to the amount, but as to the relation.

Com'r PROUTY. It appeared that in some instances up to about 1894 the rate did not base on Cairo. It was made by combination.

297 There was a through rate to Chicago, for instance, which would be less than the combination. If you have a tariff of that sort it might be competent to put it in.

Mr. GREEN. I think the one we have prior to 1892 is the one of 1889, which we have already introduced.

Mr. ENOCHS. An examination of these tariffs show that the advances already made prior to this advance as to the general territory north of the Ohio River were higher than they were between 1889 and 1893. As a general proposition I state that.

Com'r PROUTY. The present rate to Cairo is 16 cents?

Mr. ENOCHS. 16 cents.

Mr. GREEN. I show you an exhibit purporting to show box-car loading in various capacities. Explain that to the Commission.

Mr. ENOCHS. Well, really, this is the exhibit you got hold of when I said put it in with the lumber rate. It shows the full loading of box cars as I did on open cars. I will make that part of the tabulation, so we need not consume more time on that. This
298 exhibit was made by a letter from Judge Baxter which I had a few days ago. In it we show that we load some box cars practically to 80,000 pounds capacity.

Mr. GREEN. Load 80,000 pounds in a box car?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. With what?

Mr. ENOCHS. We show a loading of 79,800, 77,400, and 71,000 pounds in 80,000-pound box cars.

Mr. GREEN. I show you an exhibit purporting to be based on Illinois Central local lumber tariff, No. 741, to show relative distances at which increases in rates are made, and the amounts of such increases and the distance covered by them. Please explain to the Commission what that exhibit purports to show, and whether it is correctly made. made.

Mr. ENOCHS. The exhibit is correctly made.

Mr. GREEN. That is the local lumber tariff of the Illinois Central now in effect, is it?

Mr. ENOCHS. It has been operative on the Southern line before it belonged to the Illinois Central Railroad. The first space is 3½ cents for 5 miles; 1 cent for the first 5 miles of increase; 1 cent for
299 10 miles of increase until they reach 50 miles; 1 cent for 20 miles of increase until they reach 260 miles; 1 cent for 40 miles increase until they reach 320 miles; ½ a cent for 320 miles, and from 320 miles to 550 miles. The application of that spacing or grouping on the other end of the Illinois Central Railroad, if it were operated as a continuous line, would put our lumber into Chicago on a 22½-cent basis.

Com'r PROUTY. You mean if you begin at Fernwood and apply that all the way to Chicago, it would get there for 22½ cents?

Mr. ENOCHS. Using the lowest spacing; yes, sir.

(The statement is hereto annexed and marked "Exhibit No. 21, to Mr. Enochs's testimony.")

Mr. BAXTER. Is that the tariff that was shown yesterday to have no effect north of the river?

Mr. GREEN. That is right. It extends to 4 miles south of the river, and the point is that the principle of rate making applied south, if applied to the whole line of the Illinois Central would produce that result. Mr. Enochs, I show you here the reports of the Louisville & Nashville Railroad from 1898–99 to 1902–03 to the
300 stockholders of the company. I will ask you to examine the report of 1898 and 1899, page 10, and state how much of the improvement account was charged to operating expenses in that year.

Mr. ENOCHS. $517,784.59.

Mr. GREEN. In 1899?

Mr. ENOCHS. $1,231,276.78.

Mr. GREEN. In 1900?

Mr. ENOCHS. $1,021,843.06.

Mr. GREEN. In 1901?

Mr. ENOCHS. $1,474,502.72.

Mr. GREEN. In 1902?

Mr. ENOCHS. $1,487,279, and in 1903, $2,000,203.63.

Mr. GREEN. Aggregating how much?

Mr. ENOCHS. The aggregate is $7,732,877.

Mr. GREEN. I want to call attention to the table on page, 8 "The growth of traffic" of the Louisville & Nashville from 1893–4 down to 1902–3, showing that the net earnings per mile in 1901–2 were $2,948.77, and in 1902–3, $3,337.83, and the percentage of expenses to earnings in 1901–2 was $68.06, and in 1902–3, 67.62; also, to
301 the freight statistics on page 15, showing the condition and movement of the freight traffic, and to page 16, showing the net earnings per ton per mile, comparatively, between 1901–2 and 1902–3, and the earnings per ton per mile, the expenses per ton per mile, the net earnings per ton per mile, percentage of expenses to freight earnings, and the net earnings per mile of road, the net earnings per mile of road being as stated and being an increase of 13.193 per cent; and on page 22, that there was a surplus after the payment of dividends of $3,211,047.74 during the year 1902–3. We will offer in evidence these several reports.

(The same are hereto annexed and marked "Exhibits Nos. 22, 23, 24, 24½, and 25 to Mr. Enochs' testimony.")

NOTE.—Exhibits Nos. 22, 23, 24, 24½, and 25, above referred to, being voluminous annual reports of the Louisville & Nashville Railroad Company, are omitted in printing, except the table entitled "Growth of traffic," page 8 of report for 1902–3, and except the whole of pages 15 and 16 of said report for 1902–3. Other matters to which reference is made in said reports are fully set forth in Mr. Enochs' testimony.

Mr. BAXTER. I again object, as a question of cost, to the gentleman making parts of the record of our reports of the Louisville & Nashville or any other company, when a page of that report or, possibly, half a page would answer the whole purpose. When it comes to making up this transcript, and copies of all these have to be made, it is going to cost somebody a great deal of money.

Mr. GREEN. I entirely concur in that, and except for the
302 pages designated, we agree that these reports need not be copied in any transcript. I know of no other way to put them in the record except as parts of the report.

The CHAIRMAN. Their introduction may be limited to those portions you regard as material.

Mr. BAXTER. I think counsel ought to indicate in some clear way what the copyist who makes up this transcript will copy.

Mr. GREEN. That is so, and if we have not done so we will, upon indication, at any time. We do not desire to load down the record.

Mr. BOWERS. Have you indicated to the stenographer the pages that are to be copied?

Mr. GREEN. I think so.

The CHAIRMAN. I think the figures you have called attention to appear in the annual reports of the Louisville & Nashville to this Commission.

Mr. GREEN. I can give the pages.

Mr. MILLER. The pages were given.

Mr. BAXTER. You gave the pages of one report.

Mr. GREEN. I will give the pages.

303 Of the report of 1899 to 1900, page 10; of the report of 1900–1901, page 8; of the report of 1901 to 1902, page 9; of the report of 1902–03, page 9, page 8, page 16, and page 22.

Mr. MILLER. No other pages need be copied.

Mr. GREEN. Mr. Enochs, Mr. Compton testified on behalf of the Louisville & Nashville Railroad Company and produced certain exhibits, one of which was Exhibit "J," and others based upon the same hypothesis, in which he purported to give a statement showing proportions accruing to the Louisville & Nashville Railroad south of the Ohio River crossings from Cairo to Cincinnati, inclusive, in the division of lumber rates from Louisville & Nashville stations to destinations named. He named on the M. & M.—that is, the Montgomery & Mobile division, Dolive. Where is Dolive?

Mr. ENOCHS. Dolive is not shown either in the report, the time-tables, or the Guide of the Louisville & Nashville Railroad in any place. Generally, I know that it is right down near Mobile, or at the extreme of the division, which it represents for mileage.

304 Mr. GREEN. State whether or not Dolive is a representative point to use to figure per ton per mile on that division in the yellow-pine belt.

Mr. ENOCHS. The method pursued was not such as we adopted. We took an average point whereas that takes an extreme point.

Mr. GREEN. Exhibit "J" on the A. & F. division takes Eleanor. Where is Eleanor?

Mr. ENOCHS. Eleanor is the farthest station on the end of the division, which I believe they call their Alabama and Florida division.

Mr. GREEN. The extreme southeastern end is it?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. State whether or not that is a fairly representative point to figure distance and rate per ton per mile on that division from.

Mr. ENOCHS. It is not. I take it that the distance taken should be the mean of the distance between Montgomery and Graceville and Montgomery and Mobile—that is, as to distance. There is this further qualifying fact, however, that down next to the Gulf

305 the movement of lumber is not north and in to the competing section which is in controversy here, but the volume of the movement is for export.

Mr. GREEN. On said Exhibit "J" on the Southern Alabama division, he takes Manistee. Where is Manistee?

Mr. ENOCHS. I have been unable to find it either in their report or in any guide. I find a reference to it as being on the Repton & Montgomery, so that I think that it would be fair to count its distance to Montgomery the same as the distance between Montgomery and Mobile.

Mr. GREEN. That has not been done on that table.

Mr. ENOCHS. Well, no. I allow them 90 miles for it, and I allow them 90 miles as the average distance between Mobile & Montgomery.

Mr. GREEN. On the New Orleans and Mobile division he takes the station Lookout. Where is Lookout?

Mr. ENOCHS. Lookout is about 30 miles out from New Orleans, I understand.

Mr. BOWERS. 40, I understand; between 40 and 42 miles.

Mr. GREEN. What is it principally noted for?

Mr. ENOCHS. Mosquitoes, alligators, and ducks.

306 Mr. GREEN. It is in a swamp, is it not?

Mr. ENOCHS. Yes, sir. I do not suppose a car of lumber ever originated at Lookout, and if it should be possible to-day to originate any business at Lookout, it would not take the rate in controversy, because it would have to come there by schooner, and the Louisville & Nashville would have to pay 5 cents for that business, as schooner business, or it would go to Manchat, where the Illinois Central would pay that much.

Mr. GREEN. So the four points taken on Exhibit "J," and which run through his exhibits as being representative points, are not representative poins.

Mr. ENOCHS. They are in no sense representative points, and as to the Mobile & New Orleans division, no part of that is representative as to western shipments. There is a large lumber business on the coast about Scranton, but that does not move to the interior, nor has it ever been a factor in the trade north of the Ohio River. Another feature of Mr. Compton's exhibit which is not fair is that in the selection of his points he takes Cairo and Evansville and Louisville

307 and Cincinnati. He reaches Cairo over his own rails, and it looks as though it were put there to average up a long distance. Another feature in which his exhibit was not fair is that he puts in his New Orleans and Mobile division, on which there is no lumber, but he leaves out his division north of Montgomery, or his Birmingham division, where there is a considerable movement of lumber to Ohio River crossings and beyond, and where originally the business was developed, and as to that division, in all the discussions which they have made or which anybody has made in reference to this matter, they have left out that division, which is practically in the same mileage tract as the Arkansas people would be, and the same proposition will apply as to a considerable movement of lumber which originates with the Illinois Central Railroad Company north of Jackson. It is but fair that the nearer mileage basing territory should be considered when you consider the proposition in relation to the west side.

308 The Arkansas distances are not against our side of the Mississippi River. There is this difference, too, that the roads west of the river have not made a differential as between their hardwood lumber, oak, ash, and gum and their pine lumber; at least that is my information.

Mr. GREEN. In the making of these exhibits filed by the Louisville & Nashville, do you find that Mr. Compton used stations on his own lines in the computations, or only stations on other lines, in producing his average?

Mr. ENOCHS. I only saw that statement for a few minutes on yesterday, and I have not had time since to review it, but that is my idea; that that is the case; in fact I know that is the case. Another thing in regard to that: Mr. Compton in making those compilations leaves out of his estimates the crossing points, which furnish to any of these lines a very large percentage of business moved to these sections. Another feature is that he takes for comparison lines north of the river which are not divisional lines, whereas the business which he sends

north of the river is very largely divisional business as to lines south of the river.

Com'r PROUTY. What do you mean by "divisional business?"

309 Mr. ENOCHS. The Gulf & Ship Island and the Illinois Central Railroad have divisions.

Com'r FIFER. They divide the rate?

Mr. ENOCHS. They divide the rate, and the lines north of the river, in most cases, do not have divided rates; they have a one-rate proposition.

Com'r PROUTY. The testimony is that all lines north of the river receive their full local rate from the river north.

Mr. ENOCHS. Yes, sir.

Com'r PROUTY. From whatever crossing it goes through to the points the lumber is carried to?

Mr. ENOCHS. Yes, sir.

Com'r PROUTY. Now, just what is it you mean by "divisional" rates?

Mr. ENOCHS. I meant to say that when Mr. Compton takes this business he does not allow for this business at upper crossing points.

Mr. MILLER. You mean Cincinnati and Louisville?

Mr. ENOCHS. Yes, sir. There is a large movement there not included in this statement, and if he had put that business in the

310 comparison with the movement north of the river, that it would not have been unfavorable to the southern lines.

Com'r PROUTY. You understand that Mr. Compton, in making that exhibit, referred merely to the movement over his own line? That is all he refers to?

Mr. ENOCHS. To his own line south and lines other than his own north.

Com'r PROUTY. He refers only to his line south?

Mr. ENOCHS. Yes, sir.

Com'r PROUTY. If this business was included that originated on some line south of his that had a division of six cents, like the Gulf & Ship Island, it would reduce his general average?

Mr. ENOCHS. Yes, sir.

Com'r PROUTY. Is that what you mean by "divisional?"

Mr. ENOCHS. Yes, sir. Right in that connection I want to say he makes his average mileage to be 710 miles, whereas I claim that the average mileage should be 110 miles less than that.

Mr. MILLER. What effect has that upon his per ton per mile?

Mr. ENOCHS. It will increase his earnings from 5.23 to above 6 mills.

311 Mr. GREEN. Mr. Compton makes Exhibit M, rates on lumber from——

Mr. ENOCHS. Before you go to that—I mean to say that by taking these several divisions—I would commence and count the distance down to Montgomery as being the common distance for all these branches. From Montgomery I would take the distance, the average distance between Montgomery and Mobile. I would take the average distance on this Florida branch between Montgomery and its terminus. I would take the average distance from Montgomery on the other branch. I would leave out the New Orleans and Mobile division, and if it should be put in, I would offset the effect of it by put-

ting in the division north of Montgomery, out of which I would get an average of 100 miles shorter than his average, which would increase his earnings per mile to about six cents.

Com'r PROUTY. I think I asked somebody at New Orleans to point out the points of origin of all this lumber, so that we could determine just what the average haul was. I am sure I went through all that.

Mr. GREEN. The point here is Mr. Compton has prepared
312 a lot of exhibits for the court, which we went over. First, he takes Dolives, Ala., as the initial point, which is on the extreme southern end next to Mobile. He takes Eleanor, Ala., on the extreme southern end next to Florida. He takes Lookout, La., in the Louisiana swamps, next to New Orleans, on his New Orleans and Mobile division. He takes Manistee, a place which can not be found on the map, for his Repton branch. This evidence here is for the purpose of showing that that was not a fair basis to make the exhibit upon; that he should not have taken the extreme point on the New Orleans and Mobile road, which is a swamp.

Com'r PROUTY. I intended to examine those gentlemen—and I think the record will show that I did—to ascertain on what sections of the line the business originated and what the average haul was.

Mr. GREEN. Mr. Bowes stated that McComb City would be a fair average, and we concur in that. We want to rebut the misleading exhibits of Mr. Compton. Mr. Compton produces as Exhibit M in his testimony a statement purporting to show rates on lumber and dis-
313 tances, etc., from Points in Alabama, Mississippi, and Louisiana to divers points in the North and Northwest and Northeast. He takes Carriere, Miss., as being a representative point on the New Orleans & Northeastern Railroad. Mr. Enochs, what have you to say in regard to that being a representative point on the New Orleans & Northeastern Railroad for the origin of lumber?

Mr. ENOCHS. It is not representative.

Mr. GREEN. Why?

Mr. ENOCHS. It is on the extreme of the lumber-producing section.

Mr. GREEN. He takes Yellow Pine, Alabama, as a representative point on the Mobile & Ohio. Is that representative?

Mr. ENOCHS. It is not, for the same reason.

Mr. GREEN. He takes Kenwood, Louisiana, for the Illinois Central. Is that representative?

Mr. ENOCHS. No, sir.

Com'r PROUTY. This testimony shows it was stated that McComb City is fairly representative of the Illinois Central and that Hattiesburg is fairly representative of the Northeastern. That is in the record somewhere.

314 Mr. GREEN. The purpose was to avoid the misleading effect of this exhibit, which gives the per ton per mile earnings of this railroad on a basis assumed to be a correct basis when we can show it is not a correct basis.

Com'r PROUTY. The record shows.

Mr. GREEN. If I were content that it showed it clearly I would abandon this, but we can finish it in a moment. How far is Kenwood below McComb City?

Mr. ENOCHS. About 23 miles.

Mr. GREEN. And on the extreme end of the lumber belt?

Mr. ENOCHS. No; it is not the extreme, but it is below the mean.

Mr. GREEN. Hanson City, La., on the Y. & M. V.?

Mr. ENOCHS. That is not in the yellow-pine belt at all, and it is not only on the Illinois Central Railroad; it is on the Y. & M. V.

Mr. GREEN. Hattiesburg, on the G. & S. I.?

Mr. ENOCHS. Hattiesburg is a fairly representative point for distance.

Mr. GREEN. Turn to the exhibit of Mr. L. Green, Exhibit No. 9, purporting to give a comparison of rates on yellow pine lumber
315 from south Mississippi points with rates on hemlock, spruce, and white pine from northern points, and state whether or not that is a fairly representative exhibit of what it purports to show; and if not, why not.

Mr. ENOCHS. That exhibit dealt largely with material having its origin largely in North Carolina. I think half of the number of points listed were North Carolina points; and an examination of the points of destination shows that the points were practically, in fact, without exception, as to the North Carolina points and Pennsylvania points were one-line points to which he proposed to make the shipments. He selected places like Parkersburg, W. Va., which I believe is in the hard-wood-producing section, so that there would be no movement between the points selected for origin and the points selected for destination. Again, these points which he selected as points of origin are all in a very meagre section of production. Some of his points can not be found in any mercantile directory, and I have taken the matter up by correspondence and ascertained, both as to the points of origin and destination, that there is no movement. And the same proposition applies as to points of destination from the west.
316 He selected places of minimum value as to inhabitants and business, and as to points in Montana—some of the points—there is no movement from the Pacific coast; they use native pine. So that I assume that the points were not representative of the lumber movement.

Mr. ENOCHS. Exhibit A, produced by Mr. Bowes, as showing a comparative statement of rates to various points in Illinois, Michigan, Indiana, etc., states, as to Detroit, Mich., that it is 759 miles. We would be glad to know, Mr. Bowes, as to whether that was intended for 759 or 959, and if 959, whether the error ran through your calculations there? The point is, Mr. Bowes, whether that is the distance to Detroit—759 miles, or is it 959 miles. It is written 759, and apparently erroneously.

Mr. BOWES. I will look into that.

Mr. GREEN. Mr. Enochs, state whether or not the statement made by Mr. L. Green that there is no competition between yellow pine and spruce is correct.

Mr. ENOCHS. Every foot of spruce which is sold north of the Ohio River is specifically competitive with yellow pine. It is high-grade lumber, and it furnishes one of the several products which take the place of white pine; and all the high-grade yellow pine and
317 spruce and poplar and Pacific coast lumber are competitors for the place which was formerly wholly taken by white pine. Now, there is no competition between low-grade spruce and low-grade yellow pine, because the low-grade spruce is used at home and principally consumed by the railroad companies.

Mr. MILLER. Do you know anything about the actuality of competition by river from points near New Orleans in respect to spruce?

Mr. ENOCHS. I guess I should say that I did not. I do not think there is any actual competition.

Mr. MILLER. If there was any it has disappeared, has it not?

Mr. ENOCHS. Yes, sir.

Mr. GREEN. If the court please, we desire to file an indication made by us to counsel on the other side of the parts of the testimony produced under the notice to produce which would be relied upon by complainants, so as to eliminate, as far as practicable, the great mass or bulk of testimony that was adduced here, and as a guide for the court as well as counsel. We have furnished counsel with a memorandum; but in order that it may go in the record, we will file it and make it Exhibit 26.

318 Mr. ENOCHS. There is one other feature, in reference to the facilities furnished by the railroad company for doing the business. The mileage of the Illinois Central Railroad Company since 1894 has increased 48.60 per cent. The engine or locomotive increase up to 1902, including the year 1902, was 60 per cent. The increase in tons of revenue freight carried was 354 per cent. The increase in passenger service was 232 per cent, so that the provision made for the movement of the large volume of traffic is shown to have been wholly inadequate.

Mr. MILLER. Do you know anything about the trend of prices of coal in the last two years?

Mr. ENOCHS. There has been some advance in the price of coal in two years.

Mr. MILLER. What about last year?

Mr. ENOCHS. I do not know specifically. I made some examination as to prices between 1893—ten years ago—and to-day. Taking the statistics as they are filed of the price of coal to-day, it is not what it was ten years ago. It is less to-day than it was then.

Mr. MILLER. Do you know of any material advance in the last twelve months?

319 Mr. ENOCHS. No, sir.

Mr. MILLER. Did you make an exhibit of coal prices? Have you made one?

Mr. ENOCHS. I took the information from statistical records, but I have misplaced it. There is one feature that I think should be brought out, and what I was about to bring up, and that is the question of the car-carrying capacity. From the testimony of our opponents it would appear that all of their cars practically were 100,000-pound cars. Now, except the Illinois Central Railroad, none of these defendants have cars—and the Louisville & Nashville—none of these defendants have cars in any appreciable quantity above 60,000 pounds. So that any charge that this product will furnish light loading is absolutely inapplicable to any except the Illinois Central. This question of large cars is a pretty late proposition. Five years ago none of the companies in the United States had any cars above 60,000 pounds.

Mr. MILLER. As to the Illinois Central, is it not a fact that their 100,000-pound capacity cars are coal cars?

Mr. ENOCHS. Coal and ballast cars largely.

320 The CHAIRMAN. Mr. Baxter, do you desire to ask Mr. Enochs any questions?

Mr. BAXTER. No, sir. I think Mr. Bowers does. He has gone out of the room for a moment.

Mr. BOWERS. Mr. Enochs, how far north of the coast would you say the movement was principally foreign export—how far north of the coast line?

Mr. ENOCHS. That would vary with conditions. There could be no absolute rule about it.

Mr. BOWERS. Could you average it?

Mr. ENOCHS. I would not like to make an average proposition about a matter about which I am not familiar. For instance, I should say that I do not think there is any movement, or I think there is a limited movement as to the Gulf & Ship Island north of Hattiesburg.

Mr. BOWERS. What would you say about shipments on that road south of Hattiesburg?

Mr. ENOCHS. I would expect the major portion of the export business to originate between Hattiesburg and Gulfport.

321 Mr. BOWERS. My idea is to ascertain where the major portion of the cut of the mills south of Hattiesburg would go—for export or to the interior?

Mr. ENOCHS. A good many factors would enter into that.

Mr. BOWERS. Have you really any information as to what the extent of that movement is?

Mr. ENOCHS. I would say no.

Mr. BOWERS. The point in your testimony that called out these inquiries of mine was a statement in criticism of Mr. Compton's figures, in which you stated that above Mobile, on the Mobile and Montgomery division, the movement would be largely exported. Have you any information as to what the movement is there—foreign or interior?

Mr. ENOCHS. My information—I have the most specific information as to that with respect to the Gulf & Ship, because I knew Mr. Hand very well before he sold his mill out two years ago and had known him for twenty years, and I know the principal business he did was exported.

Mr. BOWERS. That one mill?

Mr. ENOCHS. Yes, sir; and I know, too, that the Smith business—they did a large quantity of their business export, and a good many of those people around Mobile before the days of railroads

322 cut ditches to float their stuff out. So I am prepared to say from general information that the lumber business adjacent to Mobile is export business rather than interior business.

Mr. BOWERS. The Sullivan Timber Company's business, is not all that business tributary to Pensacola and not to Mobile?

Mr. ENOCHS. I could not answer that question.

Mr. BOWERS. With reference to the New Orleans and Mobile division of the Louisville & Nashville Railroad, is your information about that sufficient to justify you in saying that none of that business moves to the interior?

Mr. ENOCHS. I did not say that none of it moved to the interior.

Mr. Bowers. But you think no considerable portion of it?

Mr. Enochs. Yes, sir. We take a good deal of our impression from competition we find in the territory, which the traveling salesmen find—the men who handle the sales and get their information from the buying section—they have good knowledge upon the origin of the lumber business.

Mr. Bowers. Do you know anything about the interchange of lumber between the Gulf & Ship Island and the Louisville & Nashville at Gulfport—what movement there is in that direc-
323 tion by the L. & N.?

Mr. Enochs. Specifically I do not. Generally I know that within the last year and within a period a little more than a year that there has been very little business transacted between the Gulf & Ship Island and the Louisville & Nashville. The Louisville & Nashville have refused absolutely to let their cars go on the Gulf & Ship Island for lumber shipments and they have refused to let them go there with coal; they have to unload the coal at junction points.

Mr. Bowers. Within the last twelve months the Louisville & Nashville Railroad, my information is, has taken out its through rates at Gulfport, but prior to that time from 1897, from the 1st of January, 1897, say, to the first of January, 1903, was there not a large movement then to points reached by the L. & N. Railroad and its connections of deliveries made to it at Gulfport?

Mr. Enochs. What you say about the taking out of its through rates confirms what I said about the nonmovement. Now, there was a movement necessarily and connection between the Gulf & Ship Island Railroad and the Louisville & Nashville Railroad prior
324 to the time when the Illinois Central took this tonnage, but since the Illinois Central took this tonnage and gave seven cents for it why I understand there has been no material movement of lumber at Gulfport, and that because of that the relations between the Gulf & Ship Island and the Louisville & Nashville are quite strained.

Mr. Bowers. My inquiry is as to the movement from the year, say, 1896—the latter part of 1896—to 1902, two years after the road was completed to Jackson. Do you know anything about it for two years after the building of the road into Jackson? Do you know anything about that movement at all?

Mr. Enochs. Our controversy does not cover that period, Mr. Bowers.

Mr. Bowers. Do you know anything about *about* the movement in that direction during that time? I am trying to get an answer to that question.

Mr. Enochs. I will allow that it was large. I mean to say by that that it was larger than at this time.

Mr. Bowers. Do you know anything about the movement from stations on the Louisville & Nashville Railroad east of Scranton, where there are sawmills?

Mr. Enochs. No, sir.

325 Mr. Bowers. You stated a while ago that you would undertake to say that no car of lumber ever originated at Lookout, or ever moved from there. Do you know about the location of that place, to know whether it is adjacent to any stream that penetrates Mississippi? It is at the mouth of Pearl River, is it not?

Mr. ENOCHS. I could not say.
Mr. BOWERS. There is a large number of sawmills on Pearl River?
Mr. ENOCHS. Yes, sir.
Mr. BOWERS. That is all.
The CHAIRMAN. That seems to be all, Mr. Enochs.
Witness excused.

326 C. W. ROBINSON, a witness called on behalf of complainant, having been duly sworn, testified as follows:

Mr. GREEN. You heard Mr. Wallace's explanation in regard to the reasons actuating the Illinois Central in selling the capital stock at par. Please state what you have to say in regard to that question, as briefly as possible.

Mr. ROBINSON. I have to say, no matter what the motive was, the result was the same, that the man who held the stock of the I. C., the original stock, got his additional dividend through his ability to buy the stock at par, and there must have been a time before these stock issues when the public were not advised of the purpose of the I. C. road to issue the stock dividend, and those on the inside could, of course, buy that stock, which possibly would account for its increase in market value prior to the declaration of such dividends, and the selling of all of this stock dividend by those inside after the declaration of the dividend would account for the present market value of the stock so sold.

327 Mr. GREEN. You heard Mr. Wallace's analysis of the general balance sheet of the Illinois Central Railroad for 1903, in which he claimed that you had made an error in not taking all items therein shown into account. What do you say as to that?

Mr. ROBINSON. I took it from the general balance sheet of the I. C. road. I specifically stated that I only considered on the one side the railroad and equipment, the real estate and materials and supplies as tangible assets, $177,841,213.00; and on the other side the stock and bonds, $234,243,626.00. Now, I disregarded on the credit side purposely the item they call net assets, and also assets in pension fund; but I disregarded also on the debit side, "Set apart for dividend," "Profit and loss," "Pension fund," "Surplus dividend fund," and "Insurance fund," because these several items taken from the two different sides of the ledger very nearly balance each other. I also disregarded on the credit side, "Stocks owned," $6,601,387; "Bonds owned," $42,624,299, and "Advances on account of other railroads," $6,786,514. I omitted these stocks for the reason that Abstract

328 C of the I. C. Railroad report for 1903 shows the book value of the stocks owned by it as $6,601,387 and the par value as $10,936,392. The only large holding of stock is that of the Dubuque & Sioux City Railroad Company—par value, $10,443,900; book value, $6,419,739. Inquiry as to the market price of the latter stock showed the stock of the Dubuque & Sioux City Railroad Company had passed by consolidation to a new company which was formed by the amalgamation of the Dubuque & Sioux City and the Cherokee & Dakota Railroad companies, and that it had no market price. I noted further from Abstract K of the I. C. report for 1903, which is a table of income from investments, that it derived practically no income from the stock owned by it—only $26,799—and none at all from the

Dubuque & Sioux City Railway stock. I noted also that the I. C. Railroad only valued the stock at approximately 60 per cent of its par value. For these reasons I concluded that the stock had no value, except possibly a voting value, and so took no account of it. When I considered Abstract F of the I. C. report for 1903, which shows advances to other railroads, and compared it with other reports of the I. C. Railroad that I had in hand, I found it was constantly
329 increasing factor; that in three years it had increased $1,637,657. From general information and reports of the country and the general understanding of the people through which the lines run, as far as I was acquainted with them, to which they made advances, the lines to which the advances were made were not profitable lines, and that is what I infer the mill men would call bad debts; the debts instead of being decreased were increasing. For that reason I disregarded that.

Under the head of "Bonds owned," it will be remembered that Mr. Wallace testified that those bonds were practically I. C. bonds and if taken off one side of the general balance sheet that they must be taken off the other side. A casual examination of Abstract D, which was an abstract of bonds owned by the I. C. road, their report for 1903 shows par value of bonds owned as $54,106,447; book value, $42,624,299. The I. C. Railroad bonds listed in this abstract amount to only $3,275,788, the remaining bonds being those of various other railroads, one of the largest items among them being $9,904,000 of land-grant income bonds of the Louisville, New Orleans &
330 Texas Railway Co. I could not find any market quotation on these bonds, and I asked possibly the largest banking house in New Orleans to determine for me the value of these bonds. They wrote me as follows: "No interest has ever been paid on the land-grant income bonds of the Louisville, New Orleans & Texas Railway Company, and they are, therefore, practically valueless." The same banking firm writes me as to the other bonds listed in Abstract D, except I. C. Railroad bonds, that they are not on the market, and therefore have no market price; that they could not get any market price.

Mr. GREEN. Mr. Wallace testified at the New Orleans hearing as follows:

"Suppose the Illinois Central should go out of business to-day and could get for its real estate, for its equipment, for its material, supplies, and things of that kind just what they stand at on its balance sheet, and then with that money wipe out its common stock and its bonds that are due, it would have left this forty-two and some odd millions of dollars in bonds which would simply be evidence of the canceled indebtedness. That would end the transaction and the sheet would be clear on both sides."

What do you have to say about that?

331 Mr. ROBINSON. If he should wipe out his balance sheet, he would have to sell his railroad, real estate, material, and supplies for the amount carried on the balance sheet, but he would also have to collect from these roads to which they have made advances the sum of $6,786,514; he would have to sell this stock owned, which has no market value and which has not paid them anything for the last several years, according to their reports, amounting to $6,601,000;

they would have to sell these bonds they own, $42,624,300. Then that total would just about balance the other side, leaving out these items of pension fund, surplus dividend fund, etc. One side would just about balance the other side.

Mr. GREEN. Mr. Wallace testified that the Illinois Central had spent large sums in elevating its tracks in Chicago. Would not the elevating of the tracks lessen the cost of operation of the road; and, if so, in what way?

Mr. ROBINSON. It would, as it would dispense with the day and night watchmen; it would dispense with safety gates, and enable them to handle traffic much more rapidly. My understanding
332 is that the English practice is to avoid all crossings at grades by overhead tracks and bridges.

Mr. GREEN. In August, 1898, you had an interview with Mr. Harahan, vice-president of the Illinois Central Railroad Company, and with Mr. Hudson, traffic manager of the Illinois Central, in Chicago, in regard to the division with a proposed railroad in south Mississippi. State what was said in that conversation in regard to the reasonableness of the division that was proposed to be made, and what was that divison.

Mr. ROBINSON. Mr. Johnson and myself visited Chicago to meet Mr. Harahan by appointment. It was our first purpose to get the I. C. Railroad interested in a line of railroad from Meridian, where we both resided, to Ackerman—which is on the Aberdeen branch of the I. C.—being the closest point. We met Mr. Harahan in his office, and discussed with him at some length the project, and pointed out to him what appeared to us to be the amount of business it would yield, etc. Mr. Harahan agreed with us in the main, that the line would be a good line for the I. C. He said his people were very averse at that time to building a line in Mississippi; that they had been wrought up by the supreme court decision of Mississippi,
333 compelling the Yazoo & Mississippi Valley Railroad to pay back taxes for large amounts, and he did not think it was worth while to present the project to the I. C. officials. We then pursued the subject, asking that if we could build the line without the help of the I. C., what division would be allowed. In the argument we pointed out to him the fact that the I. C. allowed the Alabama & Vicksburg on lumber delivered to it at Jackson, originating on the Northeastern road, 7 cents per hundred pounds, and that we thought at Ackerman we should receive an arbitrary of six cents on lumber, and a proportionate arbitrary on all other freight. Mr. Harahan then called in Mr. Hudson, who was, I think, traffic manager of the I. C. road, and stated to him about the substance of what we had said, referring to the arbitrary allowed the A. & V. at Jackson and about the arbitrary we wanted for our proposed line. He asked Mr. Hudson if they were allowing 7 cents on lumber from the line of the Northeastern road to the A. & V. at Jackson, and Mr. Hudson said that was correct. He then asked him if, out of the difference between the through rate, less the arbitrary—if the difference between the through rate, less the arbitrary, would yield
334 the I. C. a profitable business. Mr. Hudson unhesitatingly said: "Yes, sir; it would give a profitable business." That is about all that occurred.

Mr. GREEN. Ackerman is about how far from Durant, on the Canton, Aberdeen & Nashville?

Mr. ROBINSON. I do not know the exact mileage. It would be about 35 or 40 miles, I should judge. I don't really know.

Mr. GREEN. It is not more than 60 or 70 miles at the outside, is it?

Mr. ROBINSON. No, sir.

Mr. GREEN. The Canton, Aberdeen & Nashville is a part of the Illinois Central system, and connects with the Illinois Central at Durant, Miss.?

Mr. ROBINSON. It is always regarded as part of the Illinois Central.

Mr. GREEN. And connects at Durant?

Mr. ROBINSON. Yes, sir.

Mr. GREEN. Durant is how far north of Jackson?

Mr. ROBINSON. I don't know the mileage. It is about 40 miles. I can not remember.

Mr. GREEN. Mr. L. A. Jones, the auditor of the New
335 Orleans & Northeastern Railway, has testified as to the cost of that road. Were you in the employ of the New Orleans & Northeastern, in the engineering department; and if so, what do you know as to its actual cost?

Mr. ROBINSON. I began service with the New Orleans & Northeastern Railroad in the engineering department just after the road had been located, and before the preliminary estimates had been made. One of my first duties was to assist in figuring the quantity of earthwork and material for bridges, making the preliminary estimates, putting on prices, and making the extensions. After that had been done, these quantities were submitted to the contractors, and the contracts were made based on that figuring. Then another estimate was made on the cost of the road based upon prices of the contractors. That cost was in the neighborhood of $5,000,000—slightly in excess of $5,000,000. I remained in the employ of the New Orleans & Northeastern Railroad until the road was constructed—until the laying of the track. Just what it did cost I do not personally know, but I was told by the engineer, who was in a position to know and who remained on the road until it was in operation, that it cost about $6,000,000, or about $30,000 per mile.

336 Mr. GREEN. What would you say was a reasonable cost of it?

Mr. ROBINSON. I can not agree with Mr. Jones when he testifies that the Northeastern was an expensive road to build. With the exception of the crossing of Pearl River and Lake Pontchartrain, it was not an expensive road to build. They met with no rock in excavations; it was all sand and earth excavation. There were no tunnels, of course, on the road, and no expensive bridges except those named; others are small crossings—small streams. There were no very large cuts on the road; no very large fills, and no very long fill. It was of that nature that the cut made the fill very largely. So the construction cost, save for the crossing of Pearl River and seven miles across Lake Pontchartrain, was about the average cost of the average road through south Mississippi.

Mr. GREEN. How much would that be?

Mr. ROBINSON. About $20,000 a mile—that is, not taking into account the Pearl River and the lake crossings. It was constructed at about $20,000 a mile.

Mr. GREEN. That is your best judgment?

337 Mr. ROBINSON. Yes, sir. I know the man who told me knew what he was saying and was in a position to know. Except for the Pontchartrain bridge and the Pearl River bridge it cost about $20,000 a mile in south Mississippi, and including those two bridges about $30,000.

Mr. GREEN. The New Orleans & Northeastern receives from its connections at Meridian an arbitrary of six cents per hundred pounds on lumber delivered to them there. What does this pay the New Orleans & Northeastern?

Mr. ROBINSON. The Northeastern is 196 miles in length, from New Orleans to Meridian. Thirty miles are taken up in crossing the lake and the marshes adjacent to the lake, so that to get the length of the line you must deduct that 30 miles, making the line 166 miles long, and the average haul 85 miles. I have taken Hattiesburg as the base point, and on that it pays them about 14 mills per ton per mile.

Mr. GREEN. What was the average rate per ton per mile received by the New Orleans & Northeastern on all freight handled by them during the year 1902?

Mr. ROBINSON. Eight and three-tenths mills per ton per mile.

338 Mr. GREEN. What average rate did the Mobile & Ohio receive per ton per mile on all the freight it handled during the year 1902?

Mr. ROBINSON. Poor's Manual shows a slight fraction under six mills per ton per mile on all freight handled, package goods, and all manner of things.

Mr. GREEN. During the year 1902, on lumber which originated on the Mobile & Ohio the rate was 14 cents per hundred pounds to Cairo. What rate per ton per mile did this freight yield the M. & O.?

Mr. ROBINSON. Taking Waynesboro, Miss., as the base point, 410 miles from Cairo, which I think is just about the average distance for their lumber originating on the division south of Meridian, that bears this rate to Cairo, it would pay them 6.83 mills per ton per mile.

Mr. GREEN. To St. Louis at the same time at the 18-cent rate, what revenue did the Mobile & Ohio get out of that?

Mr. ROBINSON. Basing again on Waynesboro, it got 6.37 mills per ton per mile.

Mr. GREEN. On the advanced rate on the Mobile & Ohio, at

339 the 16-cent rate to Cairo and 20 cents to St. Louis, what does it yield per ton per mile?

Mr. ROBINSON. Basing again on Waynesboro, it will get 7.8 mills per ton per mile to Cairo and 7.1 mills per ton per mile to St. Louis.

Mr. GREEN. What per cent of increase does this figure in the case of six mills per ton per mile which the Mobile & Ohio receives on all classes of freight it transported in 1902?

Mr. ROBINSON. Very close to 20 per cent increase.

Mr. GREEN. What have you to say as to Lookout as a point from which to make the origin of lumber on the Mobile & New Orleans branch of the L. & N.?

Mr. ROBINSON. I do not think that is a fair basis.

Mr. GREEN. Probably the court does not know the position of Lookout. Tell us where it is located.

Mr. ROBINSON. If the court please, I never stopped at Lookout in my life. I have passed there a great many times. It is a station on

the L. & N. Railroad thirty or forty miles out from New Orleans, where there is very marshy, overflow land, and is chiefly the headquarters of a hunting and fishing club, and I had supposed that
340 the only business the L. & N. Railroad did from Lookout was the business that the hunters and fishers offered them. They may have sawmills there that can not be seen, but I never knew of any lumber being shipped from there.

Mr. GREEN. What do you know about the movement of lumber from the Mobile and New Orleans branch of the L. & N.? Do you know anything about that movement?

Mr. ROBINSON. Except what lumber they received from the Gulf & Ship Island road during the time they did receive it, there has probably been no movement from that division.

Mr. GREEN. Mr. Wallace made a statement in regard to the receipts of the Illinois Central December 31, 1860, as to the amount realized from the sales of the land included in the land grant to the Illinois Central. What have you to say in respect to that, Mr. Robinson?

Mr. ROBINSON. During my examination in New Orleans I gave Mr. Stevens as my authority. I find that they are still selling land. In the last year there were $15,000 worth sold, and according to their own statement the amount realized from their lands is in the neighborhood of $27,000,000, which was approximately the original cost of
341 the old I. C. Railroad from Chicago down to Cairo.

Mr. GREEN. What do you know as to the actuality of competition by water for lumber at Hanson City, Louisiana?

Mr. ROBINSON. I do not think there is any competition by water from Hanson City, Louisiana; I never heard of any competition there. I will say, generally, that I have tried very hard, or did try very hard—I thought there was something in that theory of water competition—I tried very hard to get lumber from New Orleans to Pittsburg. Pittsburg took, at the time I tried, a 31-cent rate. I thought if I could get anywhere by barge line I could get to Pittsburg, but when I came to investigate the matter I found that the slowness of transportation and the difficulty of getting it into the barge and the difficulty of getting it out of the barge and of getting it hauled from the river to the point of delivery rendered it impracticable. I call to mind quite a large shipment of timbers I had to make to Pittsburg, possibly two or three years ago, and I went personally to New Orleans and saw the manager of the barge line, the Monongahela Coal Company, and after a good deal of figuring
342 I found I could in that way save some money, I thought, but when I wrote my customer in Pittsburg that I proposed shipping that way, he telegraphed me not to do it, and he confirmed his telegram by letter, and said that while the railroads were slow, they were not so slow as the barge line, and that he could not afford to wait the time. So I gave up the attempt to beat the railroad rate by water competition.

Mr. MILLER. Did you make any inquiry as to wagon rates per mile at Pittsburg?

Mr. ROBINSON. I do not think it was based on per mile. I learned what they would charge me to dray the lumber from the barge landing in Pittsburg to the point at which the factory was to be erected. I think the minimum was $100 or $1.25 per 1,000 feet.

Mr. MILLER. That is all.

The CHAIRMAN. Do you desire to cross-examine Mr. Robinson, Judge Baxter?

Mr. BAXTER. No, sir.

Witness excused.

Mr. BAXTER. I want to ask Mr. Bowes a few questions.

343 F. B. BOWES recalled.

Mr. BAXTER. Mr. Bowes, you were asked yesterday by Commissioner Prouty what points in Central Freight Association territory would be affected by reducing lumber rates from Georgia group 1 to Cincinnati, Ohio, from 24 to 20 cents. Are you prepared to give any information on that?

Mr. BOWES. As stated to Mr. Prouty yesterday, the reduction in rate from 24 to 20 cents to Cincinnati would undoubtedly affect rates to stations in territory tributary to Cincinnati, as well as to Cincinnati itself; but I had made no calculations on that score. Last evening, however, I had the opportunity of looking over some extensive tabulations on the very question.

Mr. COMPTON. I asked Mr. Compton to make such a statement.

Mr. BOWES. I saw the figures last night, and a close analysis of them showed this would be the case: To what you call eastern Indiana, the entire length of the State, but not including the city of Indianapolis, it would reduce the present through rates from
344 one to two and one-half cents per hundred pounds. It would reduce practically the entire State of Ohio and twenty points in southern Michigan. The amount of the reduction in the State of Ohio would range from one-half cent per hundred to three and one-half cents. The amount of the reduction to the twenty points in southern Michigan would be one cent per hundred. Of course, under such conditions, you can readily see that the Mississippi and Louisiana and Alabama mill men could not compete with the southeastern mill men. The only way we could overcome that would be not by changing the basing rate to Cairo, which would upset the entire adjustment, but we would have to publish from our mills in Mississippi and Louisiana—and the G. & S. I. would have to do likewise—through rates from those points to those in Indiana, Ohio, and Michigan that would meet the Cincinnati combination on the basis of 20 cents. But I understood your question to be what territory would be affected.

Mr. BAXTER. What is the revenue per ton per mile received by the Illinois Central Railroad on all pine lumber traffic from its own stations south of Jackson, and also from Gulf & Ship Island and
345 Alabama & Vicksburg stations counting through the Cairo gateway?

Mr. BOWES. That would be 5.02 mills.

Mr. BAXTER. That is all.

Mr. BOWES. I want to qualify that by stating that a large amount of lumber, both from our own mills south of Jackson and from the G. & S. I., is shipped to other Ohio River crossings such as Evansville, Henderson, Louisville, and Owensboro, and points beyond those crossings, and in my opinion that would bring down the average rate per ton per mile on all such lumber to not only the Cairo gateway, but these other upper Ohio River crossings to not to exceed four and one-half mills per ton per mile.

The CHAIRMAN. Mr. Green, do you desire to cross-examine Mr. Bowes?

Mr. GREEN. No, sir. Before we adjourn I desire to say that there was an exhibit filed by Mr. Bowes this morning in which there is an error as to distance, and he thinks it affects some of the calculations probably, and that therefore there may be other errors in it, and he desires to take it and have it reviewed by his rate clerk, and to that we have no objection, but I suggest that he should not take it
346 until after the argument, so that we may have the benefit of it on the argument.

Mr. BOWES. As I explained to Mr. Green, there is evidently a typewriting error. Instead of 759 the distance should be 959. There might be some errors of a similar nature, and we are just as anxious as the other side to have it absolutely correct. There might be some others, and I would like to have the exhibit reviewed.

Mr. GREEN. We have no objection to that.

The CHAIRMAN. If either side should desire to put in additional testimony in the morning, if upon reflection you find there is some point you have not covered, you will have an opportunity to do that to-morrow morning. We will adjourn now until ten o'clock to-morrow morning.

The Commission at 4.50 p. m., adjourned.

By agreement between counsel for complainant and counsel for the Gulf & Ship Island Railroad Company, the Gulf & Ship Island is given the privilege of taking the testimony of certain witnesses at Gulfport by deposition, to be forwarded as soon as possible.

347 WASHINGTON, D. C., *February 17, 1904—10 a. m.*

Mr. BAXTER. Your honor stated yesterday afternoon at adjournment that if either side desired to offer further testimony it might be done this morning. I desire to ask a few questions of Mr. Bowes.

Mr. ANDREWS. Before Mr. Bowes takes the stand I desire to state that I have a telegram from Mr. Fish, which I received last evening at the hotel. He says if possible to do so to arrange for him to file further statistical statements and exhibits. I do not know from this telegram what statistics Mr. Fish has reference to.

Mr. MILLER. We do not wish to exclude anything that has any bearing on the issues.

The CHAIRMAN. Mr. Andrews, you will probably receive the statements and submit them to counsel on the other side before we finish this case, and they will probably consent to it. The transcript of the records of the Illinois Central Railroad which
348 Mr. Hackstaff stated he had overlooked was received this morning.

Mr. BOWES resumed the stand.

Mr. BAXTER. Mr. Bowes, Mr. Gardiner on yesterday filed a statement of rates per ton per mile on lumber between various points in the United States, principally points in the south and southwest to northern points, etc. Such statement also shows in many instances the average rates per ton per mile. Have you been able to check these figures yet?

Mr. BOWES. Owing to the limited time, I have not.

Mr. BAXTER. Accepting Mr. Gardiner's figures as correct, have you caused any analysis to be made of his exhibit?

Mr. BOWES. Yes, sir.

Mr. BAXTER. I believe you stated in your original testimony that the average revenue of the Illinois Central Railroad on lumber did not exceed 4½ mills per ton per mile?

Mr. BOWES. I did.

349 Mr. BAXTER. State how many rates, approximately, in Mr. Gardiner's statement show rates per ton per mile between 4½ and 5 mills.

Mr. BOWES. 67 cases.

Mr. BAXTER. How many rates in said exhibit show less than 4½ mills?

Mr. BOWES. 35 cases.

Mr. BAXTER. How many rates in said exhibit show in excess of 5 mills per ton per mile?

Mr. BOWES. Including the averages, which are in some instances shown, there are 320 specific instances in which the rate per ton per mile ranges from 5 mills to more than 8 mills.

Mr. BAXTER. Please state generally the result of the analysis you have caused to be made of Mr. Gardiner's exhibit.

Mr. BOWES. It shows 3 rates paying from 3 to 3½ mills; 9 rates paying from 3½ to 4 mills; 23 rates paying from 4 to 4½ mills; 67 rates paying from 4½ to 5 mills; 86 rates paying from 5 to 5½
350 mills; 68 rates paying from 5½ to 6 mills; 51 rates paying from 6 to 6½ mills; 47 rates paying from 6 to 6½ mills; 33 rates paying from 7 to 7½ mills; 20 rates paying from 7½ to 8 mills, and 15 rates paying from 8 to 8½ mills and over.

The CHAIRMAN. When you speak of the number of rates you mean rates from that number of places?

Mr. BOWES. Yes, sir; and the different points as figured out by Mr. Gardiner. It is simply an analysis of his rates from the different points of shipment to the different points of destination taken from his own figures.

Mr. BAXTER. Mr. Bowes, have you at any time caused to be weighed a number of cars loaded with lumber to ascertain how the loading compared with the actual capacity of the cars?

Mr. BOWES. I have.

Mr. BAXTER. State the circumstances under which that weighing was done and what was the result.

Mr. BOWES. Last October, on the 23d of the month, anticipating that our case would be heard at Atlanta, and before going to
351 Atlanta I telegraphed our agent at Jackson, Miss., to give me at once the average weight of lumber billed by the G. & S. I. to the I. C. R. R. at Jackson, Miss., on the last 300 cars. I wired him as follows, and submit it as an exhibit:

"CHICAGO, *October 23, 1903.*

"Take last three hundred cars of lumber forwarded north from Jackson and the track-scale weights and give me the average weight per car on the three hundred cars. Would like this information not later than to-morrow noon."

I received this letter in reply:

"JACKSON, MISS., *October 28, 1903.*

"Mr. F. B. BOWES, *Chicago.*

"DEAR SIR: As per your wire of October 23d, asking for the average weight of lumber per car out of three hundred cars weighed, I wired you, under date of October 26th, that the average weight per car was 45,318 pounds. This average was arrived at by taking the first three hundred cars come to and taking down the weights as shown on the attached sheets. The totals of these sheets were combined,
352 making the gross weight of 13,595,400 pounds for the three hundred cars; this represents the net weight. By dividing this weight by three hundred you will note that it gives you the average of 45,318 pounds, as per my wire of the 26th inst."

Com'r PROUTY. Does that statement show the capacity of the cars?

Mr. BOWES. No, sir; it does not. I was anxious to get the information as to the loading, thinking it would be utilized at Atlanta, where the hearing was originally set. I did not ask him to put down the car numbers and the capacity, which would have taken more time. The weights of each car are submitted. Some are loaded very heavily and some very lightly. A great deal of lumber is heavy timber, loaded to capacity and some shipments are transferred to other cars on account of it being loaded beyond the capacity. A great many cars from Mr. Enochs' mills at Kentwood and Fernwood carry the highest grades of ceiling and flooring, and that weighs a great deal less than these heavy timbers; but our agent took
353 the three hundred cars without selecting any of them, to get the average weight, and 45,318 pounds, in our opinion, is a good average of all the lumber we handle. We had, previous to getting this information, understood that lumber averaged about 42,000 pounds.

Com'r PROUTY. About what do your cotton loadings average?

Mr. BOWES. This season our cotton loadings are better on the average, but in the ordinary 36-foot cars fifty bales of compressed cotton is loaded.

Com'r PROUTY. About 25,000 pounds?

Mr. BOWES. It would be nearly 26,000 pounds, because the average of cotton is more than 500 pounds to the bale, although it is usually referred to as such. Five hundred and twenty pounds would be nearer the average weight of the cotton we handle. Out of Memhpis this year we will average about 63 to 65 bales per car. That brings the weight up correspondingly.

Com'r PROUTY. About what is the average capacity of your 36-foot cars—the marked capacity?

Mr. BOWES. Our 36-foot box cars that we have are 60,000 pounds, and our 40-foot cars are 80,000 pounds.

354 Mr. BAXTER. Are these the kind of cars that are used in the transportation of this lumber, or do you use flats and gondolas?

Mr. BOWES. We have flats and gondolas, and coal cars as well as box cars. All three kinds are used in carrying lumber.

Com'r PROUTY. Can you use anything except box cars in carrying cotton? Can you use gondola cars in handling cotton?

Mr. BOWES. We have used flat cars to a great extent, particularly the last season, when, on account of the great shortage of cars, we have had to carry the flat cotton to the compresses in that shape, but

we did not carry compressed cotton in flat cars. That all goes in box cars.

Com'r PROUTY. In transporting that cotton, as a practical matter, you transport the uncompressed cotton to the compress?

Mr. BOWES. Yes, sir.

Com'r PROUTY. And then you take the compressed cotton on to destination?

Mr. BOWES. Yes, sir.

Com'r PROUTY. And is the rate equivalent to the through
355 rate from the point of origin to final destination of the cotton?

Mr. BOWES. As a general proposition that is correct.

Com'r PROUTY. Is that the through rate on compressed or uncompressed cotton?

Mr. BOWES. It is the through rate on cotton. The rate is arranged in this way. I will illustrate: Take the case of Winona, Miss. My recollection is that the rate on cotton Winona to Boston—or take it from Vaiden, a local point, Winona being the compress point—the rate is 88 cents, including the cost of compression. We haul it in the uncompressed state about ten miles—from Vaiden to Winona—and after it is compressed it is reshipped and the through rate is protected, and it includes the cost of compression of 10 cents per hundred pounds.

Com'r PROUTY. You pay the cost of compression?

Mr. BOWES. Yes, sir; out of that.

Com'r PROUTY. You testified, Mr. Bowes, that your average rate on yellow-pine lumber is about four and one-half mills per ton per mile.

356 Mr. BOWES. Not to exceed that.

Com'r PROUTY. Does that represent your actual receipts as you actually handle the yellow-pine traffic?

Mr. BOWES. I did not get that question.

Com'r PROUTY. Does that represent your actual receipts for the actual handling of your yellow-pine lumber traffic?

Mr. BOWES. I will tell you how I arrived at that. I took McComb City as a point for illustration and representing our own railroad and figured that was 6.2 mills per ton per mile. I then took the mileage from Jackson to East Cairo on business from the G. & S. I., deducting their proportion, and that yielded 3.85 mills per ton per mile. As each contributed approximately one-half of the lumber traffic that we handled from that extreme southern end, I added the two together, which produced 10.05 mills. Then I divided it by 2, which made that 5.02 mills; but I took the most favorable conditions to arrive at that—that is, the earnings through the Cairo gateway—but a great deal of lumber from both our own mills south of Jackson and on the G. & S. I. goes to other Ohio River crossings
357 to what are known as upper Ohio River crossings—Henderson, Louisville, Owensboro, Evansville, and Cincinnati. A great deal of that lumber is forwarded to points beyond these crossings. I took that. I do not have the figures as to the actual movement through the gateways; but in a general way I estimated that it would pull down the average of the whole from 5.02 mills to not exceed 4½ mills, and in arriving at that 4½ mills I think I have been extremely liberal.

Com'r PROUTY. So that does not reprensent a computation of the actual movement, but your opinion based on what you know of the general situation?

Mr. BOWES. Yes, sir.

Com'r PROUTY. The rate to these upper-river crossings is higher than to Cairo?

Mr. BOWES. Yes, sir.

Com'r PROUTY. And would the rate per ton mile per from Jackson to these upper-river crossings at that rate be less than the rate to Cairo?

Mr. BOWES. Oh, yes; I took those rates, the distances being so much greater.

358 Com'r PROUTY. When lumber is intended for points north of the Ohio River the rate is made by combination on Cairo?

Mr. BOWES. Yes, sir.

Com'r PROUTY. But you may carry the lumber to any Ohio River crossing?

Mr. BOWES. Yes, sir.

Com'r PROUTY. Where you carry it to one of the upper Ohio River crossings, you pay the line north of the Ohio River its arbitrary on from there to destination?

Mr. BOWES. Yes, sir.

Com'r PROUTY. And you retain the balance as compensation for your service?

Mr. BOWES. Yes, sir.

Com'r PROUTY. You might in all cases send the lumber by way of Cairo?

Mr. BOWES. Not in all cases.

Com'r PROUTY. Why not, if the rate makes by way of Cairo?

359 Mr. BOWES. We could not send business to Paducah, Owensboro, Henderson, and Cincinnati that way.

Com'r PROUTY. These are Ohio River points, but I am talking about points beyond the Ohio River, where the rate bases on Cairo.

Mr. BOWES. A good many points in Central Traffic Association Territory in Indiana and Ohio could be forwarded through the Illinois junctions.

Com'r PROUTY. You take this lumber to upper Ohio River crossings because you get a longer haul and prefer to do it?

Mr. BOWES. Sometimes there are conditions by reason of which we think it is advisable to do so—operating conditions. For instance, congestions that might exist at some yards, or we might be short of cars or have a lot of cars of foreign lines that ask us to send them that way, and we would do it. There are a great many conditions that would affect that.

Com'r PROUTY. The rate per ton per mile from McComb City, where you handle it over your line, is 6.2 mills?

Mr. BOWES. Yes, sir.

360 Com'r PROUTY. The rate from Hattiesburg, if you considered the through rate, the distance being about the same, the rate is about the same?

Mr. BOWES. Yes, sir.

Com'r PROUTY. I would like to have you state just what bearing upon the reasonableness of the rate from McComb City to Cairo has

the fact that you only receive an average on all traffic of about 4½ mills. Here is a manufacturer at McComb City who wants to ship his lumber through Cairo, and he says the rate is too high. You say from your entire yellow pine territory that you only receive 4½ mills, but he says he does not know anything about that, but that he is paying 6.2 mills. How is it that if you only receive 4½ mills on the average that you are justified in charging him 6.2 mills?

Mr. BOWES. It seems to me to be a simple question. It occurs to me in this way——

Com'r PROUTY. I want to get your thought about it.

Mr. BOWES. Capt. White is located in McComb City, on our line, the same distance from Cairo as Hattiesburg. I am not ac-

361 quainted with the lumber firms at Hattiesburg, but, take Mr. Gardiner at Laurel. These two gentlemen are competing in the sale of lumber in common markets in the North, East, and West, and it seems to me that if they pay the same rate, and that rate enables them to market their products, that we will average the same rate per ton per mile on the lumber from shipping point to destination, and, therefore, they are on a parity. There is no discrimination. Assuming, for the sake of argument, that we were to take and fix a rate from McComb City at the proportion that we get from Jackson on the G. S. & I. business we would then have the G. & S. I. lumbermen at a disadvantage, because he would be paying on his lumber irrespective of the division of the rate, 6.2 mills per ton per mile. Do you see the point?

Com'r PROUTY. Yes, sir.

Mr. BOWES. It would be an endless backward and forward movement. The question of what constitutes a reasonable rate is generally conceded to be a difficult one to arrive at and can not be arrived at with mathematical accuracy.

362 Com'r PROUTY. Your idea is that the rate from all these mills in that territory must be the same?

Mr. BOWES. It seems to be unquestionably the case.

Com'r PROUTY. You think the rate should be sufficiently high so that the railroads as a whole may make a fair thing out of it, so that the railroads as a whole, as the transportation is conducted, will receive a fair compensation?

Mr. BOWES. Certainly; yes, sir.

Mr. BAXTER. In regard to the three hundred cars that you had weighed at Jackson—what did you say was the capacity of the box cars?

Mr. BOWES. I have not got the capacity. There might be 40-foot cars or 36-foot cars. The capacity varies from 60,000 to 80,000 pounds.

Mr. BAXTER. What did you say was the capacity of the 36-foot cars?

Mr. BOWES. 60,000 pounds.

Mr. BAXTER. And of the 40-foot cars?

Mr. BOWES. 80,000.

Mr. BAXTER. Flat cars—what length are they?

363 Mr. BOWES. We have flat cars 36 foot long and 40 foot long.

Mr. BAXTER. I wish you would furnish as an exhibit to your testimony a statement of the actual stencilled capacity of each kind of car whether box or flat or gondola, used in the transportation of these three hundred cars.

Mr. Bowes. I can do that, and I will do that.

Mr. Baxter. Can you state the distance via the M. & O. R. R. from Meridian to Cairo?

Mr. Bowes. From Meridian to Cairo, I think—to East Cairo—is about 537 miles.

Mr. Baxter. Explain how the M. & O. R. R. crosses the river at Cairo—on what bridge?

Mr. Bowes. It crosses the Ohio River on the bridge owned by the Chicago, St. Louis & New Orleans R. R. Co.

Mr. Baxter. Where does it intersect the Chicago, St. Louis & New Orleans R. R.?

Mr. Bowes. On north-bound traffic at Wickliffe, Ky.

Mr. Baxter. How far is that from Cairo?

364 Mr. Bowes. Four miles from East Cairo.

Mr. Baxter. South of East Cairo?

Mr. Bowes. Yes, sir.

Mr. Baxter. That is all.

Mr. Miller. You have assumed that 50 per cent of the lumber which the Illinois Central handles from Jackson comes from the G. & S. I.?

Mr. Bowes. Approximately.

Mr. Miller. Have you ever made any calculations to determine the exact proportion?

Mr. Bowes. Yes, sir; we have some figures prepared that would indicate that it was about 50 per cent.

Mr. Miller. When you spoke of 6.2 mills as being the result of the freight rate from points on your own line——

Mr. Bowes. Using McComb City?

Mr. Miller. Yes, sir; to Cairo, that is with the bridge arbitrary off?

Mr. Bowes. Yes, sir. I figured to East Cairo, taking 2 cents for the bridge.

365 Mr. Green. In assuming the 4½ mills you also eliminated the bridge?

Mr. Bowes. I have been very fair about that, too, Judge.

Mr. Green. I just wanted to know.

Mr. Bowes. Take Evansville. I have only deducted ½ cent on any business going to Evansville, while at Cairo I took 2 cents off for this reason that we have no bridge there. We do not use the L. & N. bridge and their tariff is ½ cent. We only took off ½ cent in order to get at the rate per ton per mile. We took off 2 cents at Cincinnati and 1 cent at Louisville.

Mr. Green. Two cents is the bridge charge at Cairo?

Mr. Bowes. Yes, sir.

Mr. Green. What did that bridge cost, Mr. Bowes?

Mr. Bowes. My recollection is that it cost in the neighborhood of $4,000,000.

Mr. Green. Was it not about $3,000,000?

Mr. Bowes. That I could not say. I understand it cost about $4,000,000.

366 Mr. Green. Were not these the facts, that the bridge was built by the issue of $3,000,000 of bonds of the Chicago, St. Louis & New Orleans R. R., and those bonds were taken by the Illinois Central by the issue of its bonds at a lower rate of interest?

Mr. BOWES. I could not answer that, Judge.

Mr. GREEN. And the Illinois Central leases the Cairo Bridge from the Chicago, St. Louis & New Orleans R. R., paying $180,000 a year rental, does it not?

Mr. BOWES. I do not understand it that way.

Mr. GREEN. Do you know whether that is the fact?

Mr. BOWES. No; I do not know.

Mr. GREEN. Don't your annual report show that that bridge has an outstanding issue of bonds against it of the Chicago, St. Louis & New Orleans R. R. of $3,000,000, and that they bear a higher rate of interest than the bonds of the Illinois Central, which were issued to overlay those bonds, and that the Illinois Central leases that bridge at $180,000 per year, and that the difference between—that the margin of difference will retire the bonds at their maturity under this scheme?

367 Mr. BOWES. If our annual report shows any information to justify that inquiry, it is doubtless correct, because what we have in our report is correct. Personally, I do know about that. I never noticed the item, if it appears there.

Com'r PROUTY. Do you know what the arrangement is between your company and the M. & O.?

Mr. BOWES. They pay us an annual rental.

Mr. GREEN. How much?

Mr. BOWES. I am not definitely posted on the full terms of that; I think $100,000.

Mr. GREEN. Will you have prepared a statement showing the facts in regard to the Cairo Bridge, as to its bond issues, rentals, and earnings, so as to show the status of the Cairo Bridge in this transportation matter?

Mr. BOWES. If you will state specifically just what you want.

Com'r PROUTY. It appears approximately that the bridge cost $3,000,000 or $4,000,000.

Mr. GREEN. Yes, sir. I wanted to get the information in the record.

368 Mr. BOWES. If you will state specifically what you want, I will get the information.

Mr. GREEN. Now, you do not know what cars were weighed by your agent at Jackson?

Mr. BOWES. I know these were the weights of each car on here. I am going to get those car numbers and get the capacity of each car.

Mr. GREEN. Your records show so far as the movement of the cars is concerned the loading of the cars as a whole, do they not, and the numbers of the cars, and so on, so that from these records you could get the average loading of the lumber cars of your own road, could you not?

Mr. BOWES. Our billing will show that. Our billing will show the weight of every car of lumber and every other kind of freight.

Mr. GREEN. Your billing will show the number of the cars and the stenciled capacity of the cars?

Mr. BOWES. No, it would not do that; but we have that arranged in convenient shape, so that we could give the stenciled capacity.

369 The track-scale weights are all recorded on the billing. I can get the car numbers and the capactiy of the cars and the character of the cars.

Mr. GREEN. And that pertains not only to these cars, but also to all the cars of lumber that you transport, does it not?

Mr. BOWES. You mean that information?

Mr. GREEN. Yes, sir.

Mr. BOWES. Of course, for every car we transport we can get that.

Mr. BAXTER. Then I understand that you will furnish as an exhibit to your testimony a statement showing the car numbers and the loading capacity as stenciled on the cars?

Mr. BOWES. Yes, sir.

Mr. BAXTER. And the kind of cars?

Mr. BOWES. Yes, sir.

Mr. BAXTER. In which the lumber was carried, referred to by you, on which you ascertained the loading of the 300 cars at Jackson?

Mr. BOWES. Yes, sir. Those 300 cars are placed in three different columns on that statement.

Mr. BAXTER. That is all.

Witness excused.

370 Mr. GREEN. I would like to ask Mr. Gardiner a question in regard to that statement that has been interpreted by Mr. Bowes in the manner in which it has been.

G. S. GARDINER recalled.

Mr. GREEN. You have heard the testimony in respect to the exhibit you filed yesterday, and the analysis Mr. Bowes made of it?

Mr. GARDINER. Yes, sir.

Mr. GREEN. Please explain to the Commission the purpose of making that exhibit, and whether Mr. Bowes' analysis of it is in consonance with the object of its preparation.

Mr. GARDINER. The exhibit was made up for the purpose of showing the rates per ton per mile under the blanket rate system from Florida to Texas to Central Traffic Association territory. I did not undertake to select a certain number of towns that would make a showing as to the rate or the movement of the lumber. As I

371 say, this exhibit is simply to show the extent of the blanket rate system, and what rates would prevail under that, and taking the average—just that number of towns—the average rate in that exhibit would be misleading. It does not represent that. It is simply to show the rates that would fall under the blanket rate system, and the rates per ton per mile.

Mr. BAXTER. I understand, Mr. Gardiner, as a matter of fact, it does show the actual rates that obtain between points of shipment and points of destination.

Mr. GARDINER. Yes, sir.

Mr. BAXTER. Do I understand you to object to the blanket rate system?

Mr. GARDINER. I believe in the blanket rate system. I think it is the proper way to handle lumber from that section.

Com'r PROUTY. You think that the rates from all of this southern territory, extending from eastern Georgia to the yellow-pine regions of Texas, to Central Freight Association territory north of the Ohio River ought to be the same?

372 Mr. GARDINER. Yes; that is my idea. I think they ought to be the same, but I said in my testimony in New Orleans that I believed that; that so far as I was concerned I would be satisfied

to see the Georgia people have the same rate in that territory as prevails from our locality, but that if that adjustment is made it must be made the same on the other side of the river, which does not obtain at the present time.

Com'r PROUTY. If the railroads did carry the lumber from all that territory at the same rate, it would not be fair for you to pick out the nearest point and base the rate on that, so that the reasonableness of the rate should be fixed from that point over that line. Take McComb City, over the Illinois Central to Cairo. It would not be fair would it for you to determine the rate from the whole territory on that basis, because the distance is shorter and the transportation easier and the cost of service is less?

Mr. GARDINER. I do not know that under the blanket rate
373 system it would be perfectly fair, but under the rates that prevail and the rates that prevailed before the advance, there was ample revenue for the railroads and the advance was unnecessary; they did not need that advance. The railroads insist that they must have increasing net earnings every month.

Com'r PROUTY. I understand that. Now, suppose that we were to be of the opinion that with respect to the Illinois Central Railroad that was right, but with respect to the Southern Railroad and the Mobile & Ohio and those other railroads which participate in the transportation of this lumber it was not right; that while the Illinois Central may get more than it needs, taking these rates as a whole, that they do not receive more than they need. What do you say then as to the rates over the Illinois Central—that they should be reduced?

Mr. GARDINER. I say this: I say it is too much, because all lumber does not move through Cairo. Not according to the statement yesterday or day before yesterday, not to exceed one-third of the lumber
goes through Cairo. It moves through other gateways on
374 which there is a longer haul, and the distances are just as great from Mississippi to Ohio, Indiana, and that territory as they are from Georgia, and for that reason the Illinois Central can be placed on the same basis with the other roads as far as distance is concerned, so far as the roads east are concerned.

Mr. BAXTER. Are you located on the Illinois Central or the Gulf & Ship Island?

Mr. GARDINER. On the Gulf & Ship Island and the New Orleans and Northeastern.

Mr. BAXTER. Would you be willing to have an adjustment of rates so that the Illinois Central from McComb City to the North would be reduced and your rates on the G. & S. I. left the same as they are, or would you want them to come down to that?

Mr. GARDINER. I say that the earnings of the G. & S. I. are such that no advance was justified at all, and if there is a reduction in the rates that the earnings of the G. & S. I. should be taken into consideration.

Mr. BAXTER. In other words, You would want the same reduction.

Mr. GARDINER. We want the same reduction. I believe in
375 the same rates from all points. I say this: That the Mobile & Ohio Railroad, as an illustration, went through the war and came out with a large indebtedness, and had to be practically rebuilt and all that sort of thing, and that the rates on lumber or any other

commodity should not be made so high as to cover all the expenses of that, and what is a fair and reasonable rate for any of the railroads to Cairo on this lumber is the rate that should prevail, and if there should be one line over heavy grades and mountainous country that line should not be taken as a criterion or standard for making the rate. They might have wasted a whole lot of money in the construction of the road and all that.

Mr. BAXTER. Suppose you take the diagram here shown you and assume that this short line [indicating] represents the Illinois Central running from McComb City to Cairo, and assume that it is the shortest line from the Mississippi lumber-producing territory. Assume this line [indicating] to be the Southern Railway, running from Macon, Georgia, to the same Ohio River crossings. Assume that the third line here [indicating] is a line from Arkansas or Texas, representing the short line from that territory to the same
376 Ohio River crossings. Now, if you have a blanket rate system, under which the rates on lumber to points on and north of the Ohio River from all the southern section shall be the same—if you fix a rate which is just and reasonable for the Illinois Central for that short distance, how are you to expect the Southern Railway operating from Georgia and the Texas road operating from Texas, with very much longer lines, to earn a fair compensation unless you allow them higher rates?

Mr. GARDINER. That would be true if all of the lumber passed through one gateway, but it does not. Now, the facts are that a large part of this lumber passes from Texas points through St. Louis, on which there is a higher rate, and from eastern territory it passes through Cincinnati and Louisville, on which the distances south of the Ohio River are less than those to Cairo, so that the average of all of it through the various gateways would probably be substantially the same as over the Illinois Central Railroad—what you call the "short line." That is the way the blanket rate system is made
377 up. If it all went through one gateway, through Cairo, I would say that it would be unfair for the rate to be made absolutely on the shortest line for the blanket-rate system. It don't do that; it passes through other gateways.

Mr. BAXTER. The point I want to get at is this: You are a practical man and have shown great intelligence and fairness in your examination in this case—if you are going to maintain a blanket-rate system and some of the points are very much further distant from the Ohio River than other points protected by the same blanket rate and the lumber is carried by roads of varying lengths and varying financial ability, is it not necessary, in order for you to maintain that equal blanket rate over that large territory, to take all railroads into consideration and all distances into consideration, whether they operate through one gateway or another, and fix a system of rates that will enable all to live? If you destroy the longest and weakest line, don't you create a monopoly in the shortest line?

Mr. GARDINER. I have not undertaken to do that. In our table I have shown the rates and distances from Georgia and Florida
378 to Texas, so that there would be a clear understanding as to what rates would obtain through various crossings and from various sections. We have not undertaken to make that kind of a showing, and I think that if the Commission will look at that—that

is, take that view of it—that the blanket-rate system should obtain, and leave out any question of extra expense on account of difficult grades and expensive operation on that account and congested business and the expenses attached to all that, why, they will get the proper adjustment. I do not know that there is any difficulty about the rates per ton per mile through the various crossings at all. What we do object to is that the railroad companies here have brought into this matter of advancing rates lots of expenses that lumber people have no reason to bear.

Mr. BAXTER. I just want to get your idea as to how we are to take care of the longer lines that have the heavy grades and bad curvatures and give them a rate that they can live on; or do you propose to retire them from competition and turn the business over to the shorter and better lines?

379 Mr. GARDINER. It won't. Take the railroad line that carries through Cincinnati. While the rate to Cincinnati is 23 cents, their proportion south of the river is not 23 cents. It is substantially the same as through Cairo, and I do not think there is anything in that.

Com'r PROUTY. But they actually send their lumber to Cairo?

Mr. GARDINER. There is very little of it that moves through Cairo.

Mr. PROUTY. Now, if the rate from Georgia to Cairo is just exactly the same as the rate from Mississippi to Cairo, what is the reason that the Georgia lumber could not go to Cairo just as well as Mississippi lumber?

Mr. GARDINER. The railroads get a larger rate per ton per mile to haul it the other way than to haul it through Cairo, and that is because the distance is less.

Com'r PROUTY. I am not talking about the consumer to whom the Georgia mill men sell. Suppose he goes into that whole territory and sells wherever he wants to. The railroad is bound to transport it to destination. If he goes to Cairo and sells it—

380 he is just as likely to sell in Cairo as you are, if the rate is the same.

Mr. GARDINER. Cairo is not a consuming point.

Com'r PROUTY. You want the right to go to Chicago or Columbus, Ohio, with your lumber?

Mr. GARDINER. Yes, sir.

Com'r PROUTY. As these rates are now adjusted, you sell in that whole territory?

Mr. GARDINER. Yes, sir.

Com'r PROUTY. And the Illinois Central transports your lumber to whatever point you sell it?

Mr. GARDINER. Yes, sir.

Com'r PROUTY. Now, Mr. Bowes says, as a result the Illinois Central only receives a revenue of 4½ mills per ton per mile. If that is right and you are correct in your statement that you ought to have the right to sell in all those markets, it is perfectly fair for Mr. Bowes to gauge the present rate by the revenue he receives. He says you ought not to take the McComb City rate, on which he gets

381 6.2 mills.

Mr. GARDINER. Suppose he had no G. & S. I. connection at all and handled all of it himself. He would get 6.2 mills, would he not?

Com'r PROUTY. But he says that he does not get anything like that.

Mr. GARDINER. He would if he sent it through Cairo.

Com'r PROUTY. Yes, sir.

Mr. GARDINER. And it is optional to send it through Cairo. Excepting along the Ohio River everything bases on Cairo. He could send through Cairo if he wanted to. If he sends some other way, it is to his advantage to send it that way. If 50 per cent of the lumber that they handle comes to them from the Gulf & Ship Island, it reduces the rate.

Com'r PROUTY. It reduces it to 5.2 mills.

Mr. GARDINER. Yes, sir. It makes the average 5.2 mills, while on the lumber actually transported from mills on their road he gets 6.2 mills. Now, he is surrendering, we claim, too large an amount
382 out of that for the benefit of the G. & S. I., and if he did not surrender so much it would not be necessary for him to ask for an advance in the rate. We take the position that he is surrendering too much, and that is what brings the rate per ton per mile down.

Mr. BAXTER. How would he get the lumber from the G. & S. I. otherwise?

Mr. GARDINER. That is competition between the railroads. It is voluntarily done.

Mr. BAXTER. Competition forces them to give that division. How can you say it is voluntary?

Mr. GARDINER. It is competition between the railroads. The shipper does not get the benefit of this. Whatever is collected remains with the railroad.

Mr. BAXTER. I thought you were charging it up to the Illinois Central as a voluntary matter on their part. I do not see how they can help themselves. They have to give these divisions.

Mr. GARDINER. It has been brought out here in a number of ways that the G. & S. I. was receiving 4 cents per hundred before
383 they built to Jackson. When they built to Jackson they got 7 cents by voluntary arrangement on the part of the Illinois Central giving them 7 cents. That has forced the Mobile & Ohio, the Alabama Great Southern, and the Cincinnati Southern to increase the division south of Meridian on lumber that comes from the G. & S. I. So they get substantially the same—the G. & S. I.—whichever way the lumber moves, whether through Meridian or through Jackson. That is competition between the railroads for this business, and has given to the originating line an undue proportion of the rate which reduces to the intermediate lines the amount of revenue they get, and they are dissatisfied with that and have advanced the rate on lumber.

Mr. BAXTER. If the Illinois Central will agree to reduce the division which it is paying to the G. & S. I., will you indemnify the Illinois Central on account of the traffic of the G. & S. I. being taken away from them?

Mr. GARDINER. I do not know that I have anything to do with that.

Mr. GREEN. Do you know whether it is a fact that there
384 is a very large movement of lumber from G. & S. I. points south at 4 cents?

Mr. GARDINER. I understand that all of the lumber moving from Hattiesburg south and from Columbia branch south moves at 4 and 4½ cents.

Com'r PROUTY. I think that is the testimony.

Mr. MILLER. You state that but for the large division accorded the G. & S. I. by the Illinois Central the latter would not be under any necessity of demanding an advance. Do you mean by that statement to admit any necessity in any view of the case?

Mr. GARDINER. Oh, no; on the other hand, I claim there is no necessity for it at all.

Mr. MILLER. When you talk about the blanket-rate system you are giving your individual views of it only, are you not?

Mr. GARDINER. Yes, sir; that is my individual view of it.

Mr. MILLER. You are not undertaking to bind this Yellow Pine Association against its claim that any railroad involved in
385 this controversy which is demanding or receiving more than its situation entitles it to should be allowed to retain that for the benefit of these other longer lines. You do not mean that, do you?

Mr. GARDINER. No, sir. I stated in my testimony in New Orleans, and I think I did here, that so far as I individually was concerned I would be perfectly willing to see the Georgia people have the same rate we have from our place, provided the rates were put on the blanket system in the whole district. That is what I intended to say and all I intended to say.

Witness excused.

There being no further testimony, the Commission proceeded to the hearing of arguments.

386 WASHINGTON, D. C., *Feb'y. 18, 1904—10 o'clock, a. m.*

Mr. MILLER. May it please the Commission, I would like to ascertain if the stipulation as to the tap-line testimony—that is, the stipulation that the tap-line testimony be considered in evidence in this case—appears in the record. I do not know what the notes show. The testimony we have does not contain it. Perhaps it is an oversight.

Mr. BAXTER. I stipulate now that it shall go in.

Mr. MILLER. Very well.

The CHAIRMAN. You mean that any testimony in the tap-line case which may be applicable to the case of the Central Yellow Pine Association shall be regarded as in evidence in the latter case?

Mr. MILLER. Yes, sir.

The CHAIRMAN. Very well.

387 *Depositions.*

388 Before the Interstate Commerce Commission.

No. —.

THE CENTRAL YELLOW PINE ASSOCIATION,
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY, ET AL.

Filed Feb. 9, 1904. Docket No. 707.

It is agreed by and between the undersigned solicitors for the parties in the above numbered and entitled cause, that the answers

of A. S. Johnson to the annexed interrogatories and cross-interrogatories, when made under oath before any officer qualified to administer oaths in the State of Mississippi, may be read in evidence at the hearing of said cause, subject to all legal objections as to relevancy and competency, commission and all mere matters of form being waived.

T. M. MILLER & MARCELLUS GREEN,
Soltrs. for Complainant.

ED. BAXTER.
By ANDERSON.

389 Before the Interstate Commerce Commission.

No. —.

THE CENTRAL YELLOW PINE ASSOCIATION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET ALS.

Interrogatories in chief.

Interrogatory 1. Please state your name, age, residence, and occupation.

Interrogatory 2. Where were you living in August, 1898?

Interrogatory 3. Are you acquainted with Mr. C. W. Robinson and with Mr. J. T. Harrihan, who was vice-president, and Mr. T. J. Hudson, general traffic manager of the Illinois Central Railroad Company?

Interrogatory 4. Please state whether or not in August, 1898, you visited Chicago in company with Mr. C. W. Robinson, and whether you and he while there called on Mr. Harrihan, of the Illinois Central Railroad Company. If yes, please state what your object was.

Interrogatory 5. If you say that you and Mr. Robinson called on Mr. Harrihan for the purpose of securing, through him, the interest or aid of the Illinois Central Railroad Company in support of a project to build a line of Railway from Meridian, Mississippi,
390 to Ackerman, Mississippi, on the line of the Canton, Aberdeen, & Nashville R. R. Co., then please state what conversation, if any, took place, and whether or not, in the course of the conversation, Mr. Hudson was called in and took part.

Interrogatory 6. If you say Mr. Hudson was called in, please state whether any discussion was had of a division of rate on lumber you and Mr. Robinson wished to secure for the projected road. And do you remember whether or not Mr. Robinson had said to Mr. Harrihan that the new road would want an arbitrary of six cents per 100 lbs. out of the through rate? If yes, state all that occurred, and if you remember whether or not Mr. Harrihan asked Mr. Hudson if the Illinois Central could afford to give that arbitrary, and if yes, what was Mr. Hudson's reply.

T. M. MILLER & M. GREEN,
Solicitors for Complainant.

391 Before Interstate Commerce Commission.

CENTRAL YELLOW PINE ASSOCIATION
vs.
ILLINOIS CENTRAL RALROAD CO. ET AL.

Cross-interrogatories to be propounded to A. S. Johnson, a witness for complainant, in the above cause.

Cross-Int. No. 1. Please state whether or not the Canton, Aberdeen & Nashville R. R. was in 1898, or is now, a part of the Ills. Central R. R. system?

Cross-Int. No. 2. Please state the names of everyone who was present at the conversations referred to in direct interrogatories Nos. 5 and 6.

Cross-Int. No. 3. Please state whether or not Meridian, the southern terminus of the line of railway referred to in direct interrogatory No. 5, as projected from Meridian to Ackerman, is reached by the lines of the present Queen & Crescent system, by the Mobile & Ohio Railroad, and by the Southern Railway.

Cross-Int. No. 4. If you state, in answer to direct interrogatory No. 6, that Mr. Robinson said to Mr. Harahan that the proposed road would want an arbitrary of six cents per 100 lbs. on lumber, please state whether or not said figure was fixed by the projectors of the road with special reference to the fact that four systems of railway would be able to bid for the traffic originating on the proposed line.

Cros-Int. No. 5. Is it or not true, as a general proposition that where a short line of railway is so located that two or more larger companies can bid for its business, the arbitraries allowed such line are higher than in the absence of competition, and that the larger line making such allowance is, in consideration thereof, made either the exclusive or preferred connection of the smaller line.

Cross-Int. No. 6. If you state, in answer to interrogatory No. 6, that Mr. Hudson expressed the opinion that the Illinois Central Railroad Co. could afford to allow the projected line an arbitrary of six cents, or more or less, please state if Mr. Hudson at the same time expressed fully to those present all of the considerations which may have influenced his opinion; and if he did, state what such considerations were.

Cross-Int. No. 7. Please state whether or not the question of the total through rate from stations on the projected road to Cairo for beyond was discussed; and whether or not it was stated what actual proportion the Ills. Central R. R. would receive for its haul.

Cros-Int. No. 8. If you state that the actual proportion to be received by the Ills. Central R. R. was mentioned and it was the same, or approximately the same, for its long haul as you and your associates were seeking for your road for a maximum haul of 80 miles, would you or not say that the proportion proposed to be accepted by the Ills. Central R. R. was a very low proportion?

ED. BAXTER.
Special Counsel.

392 Before the Interstate Commerce Commission.

No. —.

THE CENTRAL YELLOW PINE ASSOCIATION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

THE STATE OF MISSISSIPPI, *County of Attala:*

I, E. L. Ray, clerk of the chancery court in and for said county, and authorized and qualified to administer oaths by and under the laws of said State, do hereby certify that on the 5th day of February, 1904, at the city of Kosciusko, in said county and State, A. S. Johnson, a witness in the above-styled cause, appeared before me and was then and there sworn by me to testify the truth, the whole truth, and nothing but the truth, and I thereupon carefully and impartially examined the said witness on the foregoing annexed interrogatories and cross-interrogatories, and I thereupon caused the testimony of said witness to be fairly writen down by E. A. Sawyer, a disinterested person, in my presence, and subscribed by the said witness.

Witness my signature and official seal this the 5th day of February, 1904.

[SEAL.] E. L. RAY,
Clerk.

393 Before the Interstate Commerce Commission.

No. —.

THE CENTRAL YELLOW PINE ASSOCIATION
vs.
THE ILLINOIS CENTRAL RAILROAD COMPANY ET ALS.

The depositions of A. S. Johnson, taken in the above-styled cause, to be read in evidence on the hearing thereof.

The said A. S. Johnson, being duly sworn, deposes as follows, in answer to the foregoing annexed interrogatories and cross-interrogatories:

His answer to interrogatory No. 1. A. S. Johnson; age, 47; residence, Meridian, though I am at the present located at Kosciusko, Mississippi, and may make it my future home. My occupation is cotton merchant.

His answer to interrogatory No. 2. Meridian, Mississippi.

His answer to int. No. 3. I have known Mr. C. W. Robinson and Mr. J. T. Harrahan for a number of years. I only met Mr Hudson, traffic manager of the Illinois Central, once.

His answer to int. No. 4. I did visit Chicago in August, 1898, in company with Mr. C. W. Robinson; that is, I met Mr. Robinson there by appointment. We did while there call on Mr. Harrahan. Our idea was to build a line of railroad from Meridian to the Illinois Central branch running between Durant and Aberdeen, and to secure the aid of the Illinois Central road in carrying out our plans.

His answer to int. No. 5. We call on Mr. Harrahan and laid before him our plans, and, to the best of my recollection, the following
394 conversation ensued: Mr. Harrahan told us very frankly that he did not think that his road at that time could be induced to lend us any aid. Discussing the matter at some length, Mr. Harrahan expressed the belief that the projected line would prove a profitable feeder for their company, and hoped that we would succeed in building the same. The conversation then was directed upon what treatment we could expect from his company in the event we succeeded in building this line upon our own resources and the assistance of others, and the question was asked Mr. Harrahan by Mr. Robinson, in the event this line was built, would his company allow this new road an arbitrary, to the best of my recollection, of six cents per hundred pounds on lumber. In answer to this question, Mr. Harrahan called in Mr. Hudson, traffic manager of their company, and laid this proposition down to him, and asking him if their company could afford to pay this arbitrary and make money out of the business, to which Mr. Hudson replied they could make money by allowing this arbitrary on lumber from the projected line. This was about the sum and substance of the conversation.

His answer to int. No. 6. I have answered this interrogatory in my answer to the next preceeding interrogatory. I can recollect nothing further of any importance that occurred.

Cross-examination:

His answer to cross-int. No. 1. It is my understanding that the Canton, Aberdeen and Nashville Railroad was, in 1898, and is now, being operated as a part of the Illinois Central Railroad system, though I have but slight personal knowledge of the affairs of said railroad, having lived *lived* until very recently remote from them, at Meridian.

395 His answer to cross-int. No. 2. I have no recollection of any one being present at the commencement of the conversation except Mr. Harrahan, Mr. Robertson, and myself, and during the latter portion of the conversation Mr. Hudson joined us. No one else was present, to my recollection.

His answer to cross-int. No. 3. Meridian is reached by all three nes named.

His answer to cross-int. No. 4. I have no recollection of anything having been mentioned about other lines bidding for the business. We left these gentlemen believing they would allow this arbitrary on the class of freight mentioned above, should we construct the line. There has been no further conversation touching this subject with any official of the Illinois Central system, so far as my personal knowledge goes. I do not remember that any question of competition influenced the fixing the arbitrary. The main thing that impressed us was that Mr. Harrahan wanted the business for his line in the event that it would prove profitable, which Mr. Hudson assured him that it would.

His answer to cross-int. No. 5. Without sufficient information to speak from personal knowledge, I believe, and it is my judgment, that under the circumstances stated the smaller company would be in a very favorable position to demand larger arbitraries than in the

absence of competition, and that the larger company giving the highest arbitrary would be preferred.

His answer to cross-int. No. 6. I can remember nothing further of Mr. Hudson's expressions or declarations on the occasion of the conversation referred to than what I have already stated.

396 His answer to cross-int. No. 6. I do not remember that anything was said in reference to this.

His answer to cross-int. No. 7. I made no calculation on this. I left those matters with Mr. Robertson.

A. S. JOHNSTON.

Sworn to and subscribed before me this the 5th day of February, A. D. 1904.

[SEAL.] E. L. RAY,
Chancery Clerk.

397 Endorsed: Filed Feb. 9, 1904. Docket No., 707.

398 Before Interstate Commerce Commission.

No. 707.

CENTRAL YELLOW PINE ASSOCIATION.
v.
ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

Filed Feb. 16, 1904. Docket No. 707.

It is agreed between counsel for complainant and counsel for the Gulf & Ship Island Railroad Co. that the deposition of A. M. Searles may be taken before the clerk of the chancery court of Warren County, State of Mississippi, on the annexed interrogatories and such cross-interrogatories as may be hereto annexed, Commission notice and other formalities being expressly waived, and such deposition, when taken, may be read in evidence on the trial of this cause, subject alone to objection, competency, and relevancy of testimony.

GREEN & GREEN,
J. M. MILLER,
Atty's for Complainants.
E. J. BOWERS.

Direct interrogatories.

Int. 1. State your name, age, residence, and profession.

Int. 2. If you have answered that you are a railroad civil engineer, state what experience, if any, you have had in the matter of the construction of railways in the United States and elsewhere, and in the State of Mississippi.

Int. 3. State whether or not, from your knowledge of your profession and its practice, you would say that you were competent as an expert to estimate the costs of construction and the value of a railroad and equipment.

Int. 4. State whether or not you have examined the roadbed, bridges, station houses, tanks, roundhouses, and other property of the Gulf & Ship Island and branches, including the Columbia branch,

the Laurel branch, and Mendenhall branch and its equipment, and if so, state what such construction and equipment cost per mile of road.

399 Int. 5. From such examination, if you made it, what would you say was the present cash value of said railroad and equipment per mile?

Int. 6. State anything else you may know of value to either party to this suit.

GREEN & GREEN,
J. M. MILLER,
Atty's for Complainants.

400 *Answers to direct interrogatories.*

Ans. to int. 1. My name is Alexander Manlove Searles. I am 44 years of age. My present residence is Vicksburg, Mississippi, and I am a civil engineer.

Ans. to int. 2. My engineering experience dates from the year 1878, when I was employed on the U. S. Coast and Geodetic Survey as a recorder on the survey of the Mississippi River. In 1880–1881 and part of 1882 was in Colorado and New Mexico filling positions on the Denver and Rio Grande and Union Pacific railways as rodman, level man, and transit man; was then on location and construction of the L. N. O. & T. R. R. (now the Yazoo & Mississippi Valley) in Mississippi as transit man and assistant engineer on location, and as resident engineer on construction, for two years; 1884–1886 on U. S. Government survey of Red River, La., in charge of a triangulation party. In 1886 and 1887 in Birmingham, Ala., in private consulting work; 1887–1888 in Kansas as resident engineer in charge of construction of Kansas City, Wyandotte and North Western R. R.; 1889–91 on various surveys and locations of projected lines in La. and Miss. In '91–92 city engineer of Vicksburg, Miss.; '92–98 engaged in designing and building iron bridges, part of the time being manager of the bridge department of the Austin Mnfg. Company of Chicago; '98–99 in Guatemala, Central America, as engineer in charge of construction of the Ferro-Carril Vera Paz, from Panzos to Coban. Since '99 engaged in bridge work, except when called upon in consultation as engineer.

Ans. to int. 3. Yes; I know that I am.

Ans. to int. 4. I have examined them as carefully and minutely as was possible under the circumstances. It is not possible to state now what it cost per mile. I give my estimate of its present value, based upon what such work and material is now worth, and my conclusion is that the main line, including everything—equipment, shops, tanks, etc., etc.—could be duplicated for twelve thousand dollars ($12,000.00) per mile, and the branches for nine thousand dollars ($9,000.-
401 00) per mile. The difference in valuation is caused by the lighter work on the branches and the lighter rail used on them, 56–65 and 75 pound rail being used on main line and only a second-hand 56-pound rail being used on the branches.

Ans. to int. 5. This is answered by 4.

Ans. to int. 6. It is the lightest and most cheaply built road I have ever seen. Two-thirds of the engines are very old, some being built

as far back as 1879. The passenger equipment is miserable; there is not a decent coach in the service of the road, all being of an antiquated type, long since abandoned by first-class roads. There is not a car in service with upholstered seats, being all of the old cane-bottomed variety. Tanks, station houses, and everything appertaining to the road are of the cheapest construction. The valuation I have placed upon the road is after making a liberal allowance for all details.

A. M. SEARLES.

Sworn to and subscribed before me this 19th day of Jan'y, 1904.

[SEAL.] J. D. LAUGHLIN,
Chancery Clerk, Warren Co., Miss.

402 Before the Interstate Commerce Commission.

No. 707.

CENTRAL YELLOW PINE ASSOCIATION
vs.
ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

Cross-interrogatories to be propounded to Mr. A. M. Searles.

X. int. 1. What experience have you had in civil and railroad engineering? Give in detail an account of your experience in this respect. Have you ever attended any college of civil engineering? Have you ever done anything in the shape of practical railroad building? If so, on what roads, and at what time? Is your knowledge theoretical or practical? If practical, what roads have you been connected with? Go fully into detail about the years during which you were so engaged. Have you ever been engaged in railroad or levee work, or both; if both, give the amount of time spent in each? Give us a resume of all the experience you ever had in engineering or in any other capacity.

X. int. 2. If in response to the following interrogatory you should answer that you had ever been engaged in railroad work, or in the construction of any railroad, please state whether you were engaged as a laborer or an engineer; that is to say, whether you laid out, or performed, or estimated the work, or merely carried or operated a transit?

X. int. 3. Have you ever built any station houses, tanks, round houses, or other buildings appertaining to railroads; and if so, what information have you with reference to the cost of same? Is it not a fact that you have no sort of information with reference thereto, except such as comes to the ordinary assistant engineer about railroad work?

403 X. int. 4. Did you have any part in building the Columbia branch of the Gulf & Ship Island Railroad? Do you know anything about what it would cost to reproduce the said branch at this time?

X. int. 5. What is the source of your information as to the equipment of the Columbia and Laurel branches of the said road? Do you

undertake to say that you know anything about the number of cars, or locomotive or the other equipment hauled over said road; if so, deal specifically with the same and tell us what you know as to the number of cars, locomotives, etc., operated over the said branches, and tell us how you know that the statements made by you are accurate?

X. int. 6. How long since you have been on the line of the Laurel and Columbia branches of the Gulf & Ship Island Railroad? What do you know of the present manner in which they are operated; by this I mean what you know of your own knowledge, independent of what some one may have told you. Will you testify that you have been on the line of Gulf & Ship Island Railroad within the last 12 months; and if so, will you state when you were last on its line and from what point to what point did you travel?

X. int. 6. In direct interrogatory 5 you are asked to give an idea of the present cash value of the said road and present equipment per mile on its said branches; I desire you to state when you last saw the said equipment and what you know about the same. By this I mean what you know about the cost or value of its cars, locomotives, and other items entering into railroad equipment. Is it not a fact that you do not know anything about such items of cost?

E. J. BOWERS,
Attorney for Defendant.

404 *Answers to cross-interrogatories.*

Ans. to X 1. My engineering education and experience has been entirely practical, studying in the field and filling every position, from rodman to chief engineer, successively. My knowledge of the profession is therefore practical. This question is answered fully in reply to direct interrogatories X 2.

Ans. to X 2. I have, as indicated in previous replies, filled every position, from level rodman to level man, transit man, topographer, draughtman, assistant engineer in charge of locating parties, resident and division engineer on construction (where I had charge of construction of from 10 to 75 miles of road) to chief engineer of construction in full charge.

Ans. to X 3. I have at various times had charge of everything entering into the construction of a railroad, except a machine shop. In reply to last paragraph of this query, will state that it is a fact that I have all information which I could obtain through 25 years of actual experience.

Ans. to X 4. I had nothing to do with building any part of the G. & S. I. R. R., and in reply to last paragraph, "yes."

Ans. to X 5. An actual examination.

The total number of locomotives, cars, and etc., was given me by an official of the road. So far as I know, there is no separate equipment for the branches, such rolling stock as the exigencies of the service demand being diverted from main line to branches from time to time. There is now on the road, main line and branches, 32 locomotives, 20 passenger and express cars, 100 box cars, and 660 flat cars, and, as indicated above, this equipment serves the whole system.

Ans. to X 6. I left Vicksburg Dec. 17th, 1903, for the purpose of going over the G. & S. I. R. R. and since that time (Dec. 17th, 1903,

to Jan. 15th, 1904) have been over the main line and the branches twice, traveling on slow trains, walking and stopping at various points, as suited my convenience, covering the main line from Jackson to Gulf Port and back, the Columbia branch from Maxie to Columbia and back, and the Laurel branch from Saratoga to Laurel and back, and Mendenhall, out about 14 miles, and back.

405 The information I have about the road and equipment is the result of personal examination and talks with various employes of the road.

Ans. to X 6. I saw the equipment at various times and places Dec. 17th, 1903, and Jan. 15th, 1904. My valuation of the equipment is the result of my general knowledge of the value of locomotives, cars, etc., etc., having purchased such things myself and keeping up with their value through technical publications. In reply to last paragraph of last question, it is a fact that I do know about such items of cost.

A. M. SEARLES.

Sworn to and subscribed before me this 19th day of January, 1904.

[SEAL.] J. D. LAUGHLIN,
Chancery Clerk, Warren Co., Miss.

406 STATE OF MISSISSIPPI, *County of Warren:*

I, J. L. Laughlin, clerk of the chancery court of Warren County, State of Mississippi, in pursuance of the agreement attached to the foregoing interrogatories and cross-interrogatories, have caused A. M. Searles, the witness therein named, to come before me, and on the interrogatories and cross-interrogatories hereinbefore recited, have taken the deposition of said Searles and the answers to said interrogatories and cross-interrogatories as stated therein, and that said A. M. Searles signed said answers in my presence, he having been first duly sworn by me, and stated that said answers to said interrogatories and cross-interrogatories were true in substance and in fact.

Given under my hand and seal of office this 22d day of January, 1904.

[SEAL.] J. D. LAUGHLIN, *Clerk.*

407 Depositions.

408 Before the Interstate Commerce Commission.

No. 707.

CENTRAL YELLOW PINE ASSOCIATION
v.
ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

Filed Feb. 27, 1904, Docket No. —.

It is agreed between counsel for complainant and counsel for the Gulf & Ship Island Railroad Company that the depositions of J. T. Jones, R. Morgan, and W. W. Vail may be taken before any notary public or other officer authorized to administer oaths in the State of

Mississippi on the annexed interrogatories and on such cross-interrogatories as may be filed, commission, notice, and other formalities being expressly waived, and such deposition when taken may be read in evidence on the trial of this cause, subject alone to objection, competency, and relevancy of testimony.

E. J. BOWERS,
For G. & S. I. R. R.

By authority of Mr. M. Green these interrogatories are forwarded without crossing, he having waived cross-interrogatories.

Direst interrogatories to be propounded to J. T. Jones, R. Morgan, and W. W. Vail, witnesses for the Gulf & Ship Island R. R. Co., one of the defendants herein.

Int. 1. State your name, age, residence, profession, and occupation.

Int. 2. What experience, if any, have you had in the matter of engineering, in railroad building and construction, the cost thereof, and in the management and operation of railroads?

Int. 3. What, if any, knowledge have you as to the present condition, value, and cost to reproduce the Gulf & Ship Island R. R. Co., including its main line, from Jackson to Gulf Port, Mississippi,
409 its branches from Maxie to Columbia and from Saratoga to Laurel, together with stations, tanks, shops, roundhouses, right of way, equipment, terminals at Jackson, Columbia, Laurel, and Gulf Port, including depots, piers, and harbors and anchorage basin work done at Gulf Port?

Int. 4. Please describe the construction and present condition of the main line of the said road from Gulf Port to Jackson, together with the stations, tanks, roundhouses, shops, equipment, and other appurtenances. State how the same is constructed and put up, and whether it is light or heavy construction; state the character of the rail and ties used, the character of ballast, the condition of the road with reference to ditches and roadbed, and generally describe the same. Make similar statements with reference to each of the branches.

Int. 5. Compare the condition of the said main line of railroad with the other railroads in the State, and state the result of said comparison. Is it not a fact that the roadbed of the main line of the said road is the heaviest and best track in the State of Mississippi, with the exception of the Illinois Central and the New Orleans and Northeastern?

Int. 6. State what time is made by the fast passenger trains over the said road. Is it not a fact that there is run in connection with the Illinois Central Railroad's fast train a through sleeper from Gulf Port to Chicago, and is it not true that the fast train on the Gulf & Ship Island R. R. Co. makes the same time from Gulfport to Jackson as is made by the I. C. from Jackson to Fulton, Ky.?

Int. 7. What is the present value of the Gulf Port terminals, including the harbor and channel which has been constructed at the cost of the railroad company?

410 State what, in your judgment, it would cost to duplicate the same, and also state how much money has been spent up to date upon the said terminals.

Int. 8. Describe the character of the equipment, locomotives, passenger cars, box cars, flat cars, and other cars of the Gulf & Ship Island R. R. Co.; state whether they are new, and if not, what percentage of them are old. (Give, if you can, the date at which the locomotives were purchased.) Give the type of the locomotives, their size in tons, and state how the said equipment compares with that of the other roads in the State of Mississippi.

If coaches with cane seats are used, state whether they are new or old, and why coaches with cane seats have been preferred to those with upholstered seats. Is it not a fact that there are upholstered coaches in use and that they are very fine cars?

Int. 9. State the character and condition of the shops, stations, station houses, and other equipment of the Gulf & Ship Island R. R. Co. of that character, and state whether or not it is light or heavy, substantial or shoddy, expensive or inexpensive, and how it compares with that of the other railroads in the State of Mississippi.

Int. 10. Mr. A. M. Searles has testified that the main line of the Gulf & Ship Island R. R. Co., including equipment, shops, locomotives, cars, tanks, and everything else going to make up the main line of the Gulf & Ship Island R. R. Co., can be duplicated at $12,000 a mile. State whether or not this is true, and state approximately what the said main line of railroad is worth per mile, including shops, equipment, and all the appurtenances thereto, terminals, harbor, channel, etc., at Gulf Port and elsewhere.

Int. 11. Did the Gulf & Ship R. R. Co. defray the expenses of the dredging of the channel from Ship Island to Gulf Port and the
411 anchorage basin and pier at Gulf Port. If so, what has been the cost of the same up to date? How much would it cost to duplicate the same, together with the terminals at Gulf Port? What is the present actual worth of the same to the road, together with the channel and the pier at Gulf Port? Has the expenditure been provident or improvident, and does it represent more or less than the value of the money expended, and do the results represent more or less than the value of the money expended?

Int. 12. I hand you herewith copy of the testimony of A. M. Searles, and I ask you to take it up in detail and to give the real facts with reference to the matter concerning which he testifies.

Separate interrogatories to be propounded to J. T. Jones, one of the witnesses above named.

1st. At the time you first entered upon the construction of the Gulf & Ship Island R. R. what was the condition of the country in that section, and what was the promise of return from the enterprise? Was the venture speculative or safe? Hazardous or sure? Go into details with reference to the condition and situation of the enterprise at the time you took hold of it; show how long it had dragged; whether or not it was discredited, and had been hawked in nearly all of the many markets in America and Europe.

2nd. At the time you became interested in the building of the road state what was its financial condition. Was it in the hands of a receiver? What was the condition of the first 19 or 20 miles that had been built? Was it valuable or worthless? What was the cost of that 20 miles of railroad to the present owners of the

Gulf & Ship Island R. R.; in other words, what amount of bonds were outstanding and had to be retired, and were issued on account of the work that was to be done before its reconstruction was undertaken in 1895 and 1896 by the construction company in which
412 you were interested?

Int. 3. State anything further that you may know in reference to this matter.

Int. 4. It has been stated by Mr. C. W. Robinson that the betterments and improvements put on the road for some time past have been charged to "Operating expenses." Is this true? Have you such an account as "Additions to property?" If so what character of items are charged thereto?

E. J. BOWERS.

413 Before the Interstate Commerce Commission.

No. 707.

CENTRAL YELLOW PINE ASSOCIATION
vs.
ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

Answers of Joseph T. Jones to direct interrogatories propounded in the above matter.

Answer to interrogatory one. My name is Joseph T. Jones; my residence is in Buffalo, New York, and I am president of the Gulf & Ship Island Railroad Company.

Answer to interrogatory two. I have had but very little experience in matters of engineering except practical construction, and the same might be said of my experience in railroad building, in the construction, management, and operation of railroads, and the cost thereof.

Answer to interrogatory three. I am familiar with the present conditions and the past conditions of the Gulf & Ship Island Railroad, by traveling over it frequently and examining the road bed, bridges, stations, and other improvements from time to time, and paying for the same. As material and wages were much cheaper when the Gulf & Ship Island Railroad was first constructed, it is my opinion that we could not now duplicate it at the same cost.

Answer to interrogatory four. The construction, and the present condition of the main line of the said railroad, from Jackson to Gulfport, most of it, is up to the standard, and is equal to any road in the State of Mississippi. A small part of it yet remains to be improved. Twenty of the stations are of good construction, and they equal anything in the State for the same size of the towns. The Laurel depot, or station, is brick, and costs $10,000. The depot that is being constructed at Gulfport will cost over $18,000. The others cost from $3,000 to $5,000 each. There are seventeen small stations, and
414 but few people living at those stations. The water tanks are ample and in good condition, and we have fourteen water stations on the main line.

The roundhouse is a good one, and built substantial and strong; the turntable is in cement, and is equal to any that I ever saw; that is the roundhouse at Hattiesburg.

The shops at Gulfport is substantially built, wooden frame and sheet-iron roof, equipped with good and new machinery of the latest design and pattern. We completed in 1903, 500 cars of 80,000 pounds capacity at the shops in Gulfport. We also built four large 1,000-horsepower marine boilers, of $\frac{1}{8}$ inch iron, twelve and a half feet wide by thirteen feet high, the largest boilers built south of Mobile, used in the two dredge boats for dredging harbors.

The shops are capable of rebuilding a locomotive in all its parts except castings. The lathe can turn the tires of the engine or any part or any wheel that is used on the engines.

The road is of substantial construction, and equal to any in the Southern States. The trestles and bridges are superior to some of the trunk lines. There are forty miles of sixty-five pound new rail used at the north end of the road, and eighty-five miles of seventy-five pound new rails laid in 1903. The balance is of second-hand rail of fifty-six and sixty pounds, most of it being sixty pounds. The ties are all in good, fair condition. The road is well ballasted, and in width up to the standard. Most of the ballast consists of what we call cement gravel, or gravel with clay, that packs solid, and there is very little or no dust in the dry weather. Part of the road is ballasted with gravel mixed with sand ballast. It has a good, substantial foundation from end to end.

The ditches are some distance from the roadbed and are well drained, so that the roadbed remains dry and in good shape.

The Laurel branch is forty-one miles long; is in fair condition, the trestles are in good shape, and the roadbed is solid and safe. The rail is secondhand, and is fifty-six and sixty pound, and is in good order. The ties are all in good order, as well as all the stations where there are sufficient people to justify it.

415 At Laurel we have a $10,000 brick station; the station at Taylorsville is a good station. At the other stops there are but very few people. There are three good water stations on this branch.

The Columbia branch is in good shape. The roadbed is solid and well graded from Columbia to Lumberton. From Lumberton to Maxie, sixteen miles, there is only a part of it in first-class shape, but it is safe and is being improved every season. The stations at Columbia, Hub, Lumberton, and Maxie are equal to any in the State for the same size of towns; there are four water stations. The water supply is adequate and substantial. Both branches are in good safe condition, and are sufficient to do all the business that can be collected on the road.

Answer to interrogatory five. The Gulf & Ship Island Railroad Company will compare most favorably with any of the roads in the State, and it is universally conceded that it is in the best shape of any road ever built in the State of the same age as the Gulf & Ship Island Railroad. The roadbed is nearly equal or quite equal to the trunk lines throughout the State.

Answer to interrogatory six. The fast train running between Jackson and Gulfport is equal to any other fast train on any of the trunk lines of the State, and makes the distance between Jackson and Gulfport in four hours and forty minutes, and carries a Pullman sleeping car, besides making four stops and running slow through the yards at Jackson, over a mile. Between stations the train often

makes forty-five to fifty miles per hour. The other local trains make splendid time between the stations, but these trains make from thirty-five to forty stops and make it in seven hours.

Answer to interrogatory seven. The Gulfport terminal of the Gulf & Ship Island Railroad includes the harbor, channel, pier, and its approaches, and cost, up to December 31st, 1903, $1,686,196.73 in cash. My impression is that it would cost to duplicate the same no less than $2,000,000.

Answer to interrogatory eight. The character of equipment, including locomotives, I consider first class. In 1898 we bought
416 six second-hand engines, and they have all been made over and are now in good repair. We also bought two new engines of the Baldwin Locomotive Works, $9,595 each. In 1899 we bought five second-hand engines and repaired and rebuilt them all. In 1900 we bought six new heavy Baldwin Works engines, costing $10,800 each. In 1901 we bought six more new Baldwin Locomotive Works engines, costing $10,750 each. In 1902 we bought six American Locomotive Engine Works engines, costing $14,870 each; or, in other words, twenty new engines and eleven second-class engines, but since put in first-class order.

We bought two new steam shovels, one steam ditcher, one spreader or leveler, and one wrecker, with full equipment, and one new pile driver.

We built at our own shops fifty new box cars and fifty coal cars. We bought two coaches in 1897, four in 1899, four in 1900, and rebuilt one in 1903—all new. We have four combination passenger and baggage cars in good order; three mail and express cars, all in good order, and one private car.

Coaches with cane seats are used in this warm climate in preference to upholstered seats, as they are cooler and much cleaner and much more desirable for travel in this section, and are universally used on all the roads in the State between local stations. They are of the recent pattern and not antiquated or old and worn out, but in good order and safe condition and kept that way. Cane seats are preferred in this section of the country for local travel to cars with upholstered seats.

Answer to interrogatory nine. I answered this in my answer to interrogatory number five; but I desire to state that the material is substantial and not shoddy, and the character is heavy and not of the inexpensive kind, and will compare with that of any other railroad in the State of Mississippi.

Answer to interrogatory ten. The statement of A. M. Searles that the Gulf & Ship Island railroad's main line, including all its equipment, locomotive, cars, and so forth, could be duplicated at
417 $12,000 per mile is absolutely false, ridiculous, and foolish. Any sane man would know different.

As near as I have been able to figure out the actual cost of the main line between Jackson and Gulfport, including shops, equipment, and appurtenances thereto, depots, harbor, channel, pier and its approaches, and terminals at Gulfport and elsewhere, worth much more than it cost, which is $. The total cost of the main line and two branches, the cost of the charter, the cleaning up and clearing of records of all outstanding obligations; paying off and lifting the

outstanding bonds and stock, including attorneys' fees and commissions, and other costs up to date is about $10,500,000, as near as I can figure it, which includes all its equipment, rolling stock, and all appurtenances belonging thereto; including the pier, channel and anchorage basin; also including all the side tracks, switches, yards, and the tracks leading to the various sawmills along the line of this road.

Answer to interrogatory eleven. The Gulf & Ship Island Railroad Company did defray the expenses of dredging the channel from Ship Island to Gulfport, the anchorage basin, and the pier at Gulfport, and it cost, up to December 31st, 1903, $1,686,169.73. It would cost at least $2,000,000 to duplicate the same, together with the terminals at Gulfport.

The present actual worth of the same to the road, together with the pier, channel, and anchorage basin, is largely speculative. It makes the Gulf & Ship Island Railroad an independent road. It can not be controlled by other interior roads, as it gives it an outlet to the world for all its freight of every nature and kind. I consider the port worth at least $5,000,000. It is the only port in the State of Mississippi of any importance. We are loading ships to twenty-four and twenty-five feet deep and going out to deep water in safety. We consider that the expenditures in and about these improvements have been provident and not foolishly expended or wasted, and it represents at least twice or more than the money expended.

Answer to interrogatory twelve. I regard this interrogatory answered in my answer to interrogatory ten.

418 And the said J. T. Jones, in answer to the separate interrogatories propuonded to him, says:

Answer to separate interrogatory one. At the time I took hold of the Gulf & Ship Island Railroad Company, in 1895 and 1896, the condition of the country was of a virgin wilderness of pine timber between Gulfport and Hattiesburg, seventy miles, with a few scattered little farms made by girdling the trees—miserable little houses and country between Hattiesburg and Jackson, and the country through which the road traversed was in the worst condition. Twenty miles of the road had been indifferently graded an laid with fifty-six pound rail; the ties were all rotted and absolutely worthless. The venture was extremely speculative and unsafe and hazardous. The receiver in charge of the road, Jones P. Stewart, told me personally that he sympathized with me, as he understood that I had furnished the money, and I certainly would never recover fifty cents on the dollar, and that I would find that it would be impossible to induce capital to join me to complete the road, and I would have to build it myself. I am reliably informed that the project to build the road from Gulfport to Jackson had been talked all through this section of the State for nearly forty years. The charter was obtained in 1882. The road was discredited and in the hands of a receiver and in the United States district court, with debts scattered throughout this end of the State and in New York City. Four or five hundred thousand dollars in bonds and stock had been issued, and the road owed $40,000 to the State for convict labor for grading. There were many other debts, all of which had to be cleaned up and paid. A representative of the road, I am credibly informed, was sent to Europe to try and sell the

stock and bonds, as well as in New York and Chicago, and utterly failed.

Answer to second special interrogatory. The road was in the hands of a receiver appointed by the United States Circuit
419 Court, and was financially bankrupt. The first nineteen or twenty miles was partially graded and laid with fifty-six pound rail, and all the ties rotted and decayed. It was practically worthless, except the value of the rail. I have not the data before me to be specific, but I am sure that I do not overstate it when I say that the twenty miles of road cost the present owners of the Gulf & Ship Island Railroad $600,000 or over. In other words, this amount had to be paid out in cleaning up the obligations of the road before the reconstruction was undertaken by the Bradford Construction Company, which built the road in 1895, 1896, and 1897, to 1900.

Answer to special interrogatory three. I had a great deal of trouble in cleaning up all these obligations and getting a release from all outstanding debts, so that we could clear the records and make new mortgages and new bonds. With the various parties and attorneys we had to employ to accomplish this made it extremely expensive.

The Mendenhall branch, which is under construction, has been partially graded for twenty miles. The section of the State through which it passes is very rough and hilly, and it is difficult to build a railroad through or over it. The hills and hollows are nearly eighty feet high and deep, requiring three and four cuts of thirty-five to thirty-seven feet deep, and to fill from thirty to thirty-seven feet high. This work is something similar to some of the work on the main line between Jackson and Magee. It is considered extremely heavy, especially where we encounter a peculiar kind of clay or mud that is called "morrell," and slips or slides, and a cut must be made nearly twice the usual width in order to prevent it from covering the track. It is under construction, and we can not tell what the actual cost will be.

I desire to state, in addition to what I have stated above, that under the laws of the State of Mississippi a member of the railroad commission of the State of Mississippi in December last, about the last of the month, made an inspection of the Gulf & Ship Island Railroad and its branches; in making this inspection he was furnished
420 a car and crew, and had all the time and opportunity that he desired to make the same; indeed, it required two days to complete the inspection of the main line and its branches, and after said inspection he made a report to the railroad commission of which he is a member, and which will be found published in the report of the railroad commission to the legislature of the State of Mississippi, January 1st, 1904, being the annual report of said commission, and the said report of said railroad commissioner, Mr. May, was as follows, to wit:

"G. & S. I. The roadbed of the main line of this road is in good condition, gravel being used extensively on the track, and new and heavy rails are taking the place of old ones. The roadbeds of the Columbia and Laurel branches are in a safe condition. Further improvements are contemplated on these branches. The bridges and trestles on this road are in a safe condition, so far as I could judge.

In several places new and substantial iron bridges have taken the place of wooden ones.

"Great improvements have been made on the pier and harbor at Gulfport, and an immense amount of money has been expended in this direction. I found the depot in a neat condition—bulletin boards on hand and rules properly posted, with few exceptions. I suggested certain changes in a few of the waiting rooms, such as at Mendenhall, and the company stated that these suggestions would be put into execution."

Answer to special interrogatory four. The statement made by Mr. C. W. Robinson, that the betterment and improvement put on the Gulf & Ship Island Railroad Company for some time past have been charged to operating expenses, is not true. We have an account representing "additions to property," to which is charged work on the harbor, roadbed, stations, buildings, section houses, sidings, roundhouses, and all such expenses of a similar character for betterments and improvements of the road, which up to December 31, 1903, aggregated $706,590.26.

J. T. JONES.

Subscribed and sworn to before me this 23rd day of February, A. D. 1904.

[SEAL.]

H. C. ELDER,
Notary Public.

421 Before the Interstate Commerce Commission.

CENTRAL YELLOW PINE ASSOCIATION
vs.
ILLINOIS CENTRAL RAILROAD COMPANY *et al.* } No. 707.

Answers of R. Morgan to direct interrogatories propounded in the above matter:

Answer to interrogatory one. My name is R. Morgan; I am 47 years of age; I live at Gulfport, Harrison County, Mississippi. I am the general superintendent of the Gulf & Ship Island Railroad Company.

Answer to interrogatory two. I have had no experience in matters of engineering. I have had ten years' experience as superintendent of railroad building and construction; about six years trainmaster; as brakeman, conductor, and locomotive engineer, about ten years. I have had considerable experience on the construction of new lines of railroad and railroad improvement, and, of course, have practical knowledge of the cost thereof.

Answer to interrogatory three. I have been general superintendent of the Gulf & Ship Island Railroad for nearly three years, and, of course, have actual knowledge of the matters inquired about in interrogatory No. 3, and will say in reply thereto that the present condition of the buildings, terminals, road, and roadbed is very good. I mean by buildings all the stations, tanks, shops, roundhouses, section houses, and the like. Our terminals at Columbia, Hattiesburg, Gulfport, Laurel, and Jackson are in good condition. I would say a conservative estimate of the physical cost of the Gulf & Ship Island Rail-

road Company, including its main line from Jackson to Gulfport, Mississippi, its branches from Maxie to Columbia and from Saratoga to Laurel, together with its stations, tanks, shops, roundhouse, right of way, equipment, terminals at Jackson, Columbia, Laurel, and Gulfport, including depots, pier and harbor, and the anchorage-basin work done at Gulfport, to be $8,491,800. The above figures, in
422 my judgment, is a conservative estimate of the actual cost, but I am confident, because of the increased values of rights of way, the increased price of material and labor could not be reproduced for less than a million or two million of dollars over the figures above given.

Answer to interrogatory four. The main line of the Gulf & Ship Island Railroad was built at a moderate cost, none of the work being excessively heavy, and on the other hand, but a comparatively small amount would be called light. During the last two years great improvements have been made in widening banks and cuts, renewing trestles, etc., this work being nearly finished. The north end, about seventy-five miles, is ballasted with a fine cementing gravel from a pit near Weathersby. About twenty miles near the middle of the road is ballasted with a free gravel, while the remaining sixty-five miles is being ballasted with a gravelly sand, most of which is completed. Nine-foot hewn yellow-pine ties are used almost exclusively. The road, as originally built, was laid with fifty-six, sixty, and sixty-five pound rail; the former two kinds being second hand, and the latter new. The sixty-five pound rail, of which there is forty miles, has been left in the track, as it is a special high section, giving great stiffness. About eighty-five miles of the fifty-six and sixty pound rail has been replaced with seventy-five pound A. S. C. E. section, still leaving thirty-five miles to be renewed, which will be done this spring and summer.

New stations have been built at Lyman, Wiggins, Maxie, South Seminary, Seminary, Mt. Olive, Mendenhall, and Star, and also small shelters or flag stations at Wortham, Mammoth Springs, Rawls Springs, Pickering, Coat, and Plain. The stations at most of the other points are in good condition. A new brick union station is now in course of erection at Gulfport. A new freight depot and transfer platform has just been completed at Hattiesburg.

The shops at Gulfport have been enlarged, and new car shed, paint house, and wood working shop erected. Almost all of the machinery is new. New roundhouse, turntable, and shop have
423 been put in at Hattiesburg. Coaling platforms have been put in at Gulfport, Hattiesburg, and Jackson in the last year. New water station at Hattiesburg was erected about a year ago, and all the other tanks are in good condition. A large commodious brick general office building was erected in Gulfport in 1903, at a cost of nearly $50,000.00. Several sets of new section houses have been built.

The condition of the road with reference to ditches and roadbed is in very fair condition. The Columbia branch is in very fair condition. The cuts and fills are not as wide as on the main line, although considerable work has been done toward widening them. New riveted steel-truss bridges were put in over Lower and Upper Little Rivers, and the rail is sixty-pound and is in very good condition.

Sand ballast is used. The buildings on the branch are in good condition, having been built about three years ago. New section houses have been put up at various points.

Work on the Laurel branch is mostly light, as the line follows the creek bottom. The cuts and fills have been widened over a great deal of the branch, and trestles ways renewed. A new steel bridge has been erected during the past year over the Leaf River. The most of this branch has been built only four years. Dirt and sand ballast are used almost exclusively, although in some sections there is gravel. The buildings are all in fair shape, the roadbed is in good shape, and so are the ditches. There is a brick depot for passengers and freight just been built at Laurel at a cost of $10,000; it was built last year—in 1903. The rail is fifty-six and sixty pound.

Answer to interrogatory five. In comparing the condition of the main line of the Gulf & Ship Island Railroad with the other roads in the State, I consider that the main line of the Gulf & Ship Island Railroad will compare with any line in the State of Mississippi, with the exception of the Northeastern and a part of the Illinois Central. It is a fact that the main line of the Gulf & Ship Island Railroad Company is the heaviest and best track in the State of Mississippi, with the exception of the New Orleans & Northeastern and the Illinois Central Railroad Company.

424 Answer to interrogartory six: Trains Nos. 1 and 2 make the trip between Jackson and Gulfport, a distance of 160 miles, in four hours and forty minutes and four hours and fifty-five minutes, respectively, making four regular stops, an average speed of 34.31 miles an hour.

It is a fact that the Gulf & Ship Island Railroad Company runs, in connection with the Illinois Central Railroad Company, a through sleeping-car service from Gulfport to Chicago, and it makes the same schedule time from Jackson to Gulfport and from Gulfport to Jackson as is made by the Illinois Central from Jackson to Fulton, Kentucky.

Answer to interrogatory seven: The chief engineer, Mr. Vail, is possessed of information which better enables him to give a more correct answer to this interrogatory than I can give.

Answer to interrogatory eight: The equipment of the road is mostly new. Of the locomotives six were bought in 1898, five in 1899, six in 1900, six in 1901, three in 1902, and three in 1903, and two unknown, but probably in 1898. Of these, eighteen were built in 1900, 1901, 1902, and 1903. Two of the others were built in 1898, and the remaining eleven from 1876 to 1884. Five have sixteen by twenty-four cylinders, five seventeen by twenty-four, eleven eighteen by twenty-four, and ten twenty by twenty-six. Fourteen of them, weight from 63 to 74 tons, including tender; nine of them, weight 83 tons; two of them, 115 tons, and six 125 tons. Seven of them have four driving wheels, ten have six, and fourteen have eight. All are equipped with air brakes and automatic couplers. The six engines bought in 1902 and 1903 have twenty by twenty-six cylinders; weight 125 tons, and have six drivers; are fitted with Westinghouse air brakes and Tower couplers, and cost nearly $14,000 apiece.

There are eleven passenger cars, four combination cars, three mail and express cars, and one private car. All of the passenger cars were built in 1897, 1899, and 1900, and one in 1903. The combina-
425 tion and baggage cars were built in 1897 to 1901, except that one combination car was secondhand. The private car was remodeled in 1900. The company has 702 flat cars, of which 276 were built in 1897 and 1898, and 426 in 1902 and 1903. There are 106 box cars, of which 56 was built in 1891 and 50 in 1903. All of the new cars of 80,000-pound capactiy, being strictly up-to-date in design and construction. There are sixteen cabooses, all built in 1898 and 1902. The other equipments consists of eight ballast cars, one track pile driver, two steam shovels, one spreader, one ditcher, one wrecking outfit complete, all built in 1901, or later. The equipment compares favorably with any road in the State, and has a less per centage of old cars and engines than most of the other roads.

All the coaches but one have cane seats. They are preferred in that they are much easier to clean, as the dust in the summer time is quite bad, and further the character of the travel requires it, as upholstered seats would be cut and torn and covered with tobacco juice. The car with upholstered seats has been entirely rebuilt within the last year, and another is under way. All the new cars, flat cars, box cars, dirt cars, coal cars, were built in our shops here at Gulfport.

Answer to interrogatory nine: The repair shops, situated at Gulfport, are frame buildings, and are rather light construction, covered with galvanized iron. All the new buildings, such as car sheds, paint shop, woodwork shop, roundhouse and shop at Hattiesburg are frame buildings, on concrete foundations, and are well built. The roundhouse at Hattiesburg has a brick and concrete engine pit, and the turntable is set in a brick-lined pit. All new stations are of fair workmanship, while some of the old ones are light and poorly built.

A fine brick station has been built at Laurel, and one is under way at Gulfport. The section houses are mostly new and are well built. The new water station at Hattiesburg has been put in. The pier and wharf is exceptionally well made, and are made to carry almost any reasonable load.

426 This property compares favorably with railroad property in the State of Mississippi, and especially as to section houses and station houses.

Answer to interrogatory ten: Mr. Vail, the chief engineer of the road, is in possession of all the facts which enables him to better and more intelligently answer this interrogatory than I can.

Answer to interrogatory eleven: I have no means within my knowledge to answer this interrogatory except from statements made to me by others.

Answer to interrogatory twelve: In answer to interrogatory twelve, I can only say that I am of the opinion that Mr. Searles' knowledge of railroads must have been very limited. This road is by no means the lightest and cheapest constructed railroad I have ever seen. It is not true that two-thirds of the engines on this road are very old, as will be seen by the interrogatories heretofore answered by me. The passenger equipment of the Gulf & Ship Island Railroad, instead of being miserable, is good, and is ample for the accom-

modation of the patrons of the road. Our coaches are not antiquated. It is not true that the type used has been abandoned by first-class roads. The Louisville & Nashville Railroad, notably, are using the same type of coach on their suburban trains running from New Orleans to Ocean Springs, and which carries the largest proportion of its passengers between Ocean Springs and New Orleans. It is not true that the tanks, station houses, or anything else appertaining to the road are of the cheapest construction, but the contrary is the truth.

R. MORGAN.

Sworn and subscribed to before me this the 22nd day of February, A. D. 1904.

H. C. ELDER,
Notary Public.

[SEAL.]

427 Before the Interstate Commerce Commission.

No. 707.

CENTRAL YELLOW PINE ASSOCIATION,
vs.
ILLINOIS CENTRAL RAILROAD COMPANY, ET AL.

Answers of Willis W. Vail to direct interrogatories propounded in the above matter.

Answer to interrogatory one. My name is Willis W. Vail; am thirty-six years of age; residence, Gulfport, Mississippi, and am a civil engineer.

Answer to interrogatory two. My experience in engineering has covered a period of about twelve and a half years, since my graduation from college, after a course in that line of study. Of this, about nine and a half years have been spent on railroad work, mostly in the line of construction, either on new lines, improvement and double tracking of existing lines, or construction of sidings, spurs, buildings, trestles for handling business. This work required the making up of preliminary estimates of costs, as well as actual estimates and statements of cost during construction. In the management and operation of railroads I have had but little experience.

Answer to interrogatory three. The present condition of the road, buildings, terminals, etc., is very good, great improvements having been made during the past two years. To reproduce the present road I would estimate the cost to be about as follows:

Main line, 190 miles, and sidings, 55 miles, roadbed and track, complete	$3,445,000
Right of way, terminal properties at Jackson and Gulfport, additional property at other points, and gravel pits	225,000
428 Stations and fixtures	85,000
Shops and equipment and stock in storeroom	125,000
Water stations, section houses, and all other structures	155,000
Pier, harbor, and channel	1,850,000
	5,885,000
Plus 5% office expenses and engineering	294,000
	6,179,000

COLUMBIA BRANCH.

48.75 miles, and six and a half miles sidings, roadbed, trestles, and track complete	637,500
Right of way, including property in Columbia	20,000
Station buildings and fixtures, section houses, water stations, and so forth	24,500
	682,000
5% office expenses and engineering	34,000
	716,000

LAUREL BRANCH.

41.75 miles, and 4¼ miles sidings, roadbed, trestles, and track complete	492,000
Right of way, including property in Laurel	18,000
Station buildings and fixtures, section houses, etc	34,000
	544,000
5% office expenses and engineering	27,000
	571,000

EQUIPMENT.

Locomotives	303,500
Passenger, baggage, and combination cars	70,000
Box, flat, coal, and all special cars	651,700
	1,025,200
Making a total of	8,491,200

Answer to interrogatory four. The main line of the Gulf & Ship Island Railroad was built at a moderate cost, none of the work being excessively heavy, and, on the other hand, but a comparatively small amount would be called very light. During the last two years great improvements have been made in widening banks and cuts, renewing trestles, etc., this work being nearly finished. The north end, about seventy-five miles, is ballasted with a fine cementing gravel from a pit near Weathersby. About twenty miles, near the middle of the road, is ballasted with a free gravel, while the remaining sixty-five miles is being ballasted with a gravelly sand, most of which is completed. Nine-foot hewn yellow pine ties are used almost exclusively. The road, as originally built, was laid with fifty-six, sixty, and sixty-five pound rail, the former two kinds being secondhand, and the latter new. The sixty-five pound rail, of which there is forty miles,
429 has been left in the track, as it is a special high section, giving great stiffness. About eighty-five miles of the fifty-six and sixty-pound rail has been replaced with seventy-five-pound A. S. C. E. section, still leaving thirty-five miles to be renewed, which will be done this spring and summer.

New stations have been built at Lyman, Wiggins, Maxie, South Seminary, Seminary, Mt. Olive, Mendenhall, and Star, and also small shelters or flag stations at Wortham, Mammoth Springs, Rawls Springs, Pickering, Coat, and Plain. The stations at most of the other points are in good condition. A new brick union station is now in course of erection at Gulfport. A new freight depot and transfer platform has just been completed at Hattiesburg.

The shops at Gulfport have been enlarged, and new car shed, paint house, and wood-working shop erected. Almost all of the machinery is new. New roundhouse, turntable, and shop have been put in at Hattiesburg. Coaling platforms have been put in at Gulfport, Hat-

tiesburg, and Jackson within the last year. A new water station at Hattiesburg was erected about a year ago; all the other tanks are in good condition. A large commodious, brick general-office building was erected in Gulfport in 1903, at a cost of nearly $50,000. Several sets of new section houses have been built.

On the Columbia branch the work is lighter than on the main line, although much of this is moderately heavy. About thirty-two miles of this line was built only four years ago. The cuts and fills are not as wide as on the main line, although considerable work has been done towards widening them. Most of the trestles on the old portion of the line are old and not in first-class condition. These it is expected to fill up this year. New riveted, steel truss bridges were put in over Upper and Lower Little rivers. The rail is sixty-pound and is in good condition. Sand ballast is used. The station buildings on this branch are in good condition, having been built about three years ago. New section houses have been put up at various points.

On the Laurel branch the work is mostly light, as the line follows the creek bottoms. Cuts and fills have been widened over
430 a good deal of this branch, and trestles renewed. A new steel bridge was erected this year over Leaf River. Most of this branch has been built only three or four years. Dirt and sand ballast are used almost exclusively, although in some sections gravel has been put in. The buildings are mostly in fair shape, several sets of new section houses having been erected. A fine brick combined freight and passenger station, at Laurel, was built at a cost of $10,000 in 1903. The rail is fifty-six and sixty pound. It is in good condition and ample for the traffic.

Answer to interrogatory five. The main line of the Gulf & Ship Island Railroad will compare very favorably with any other road in the State. The standard roadbed sections adopted are substantially the same as those used by the Illinois Central. The track is, so far as I know, superior to all, except the Illinois Central and New Orleans & Northeastern, the latter using the same weight of rail as the Gulf & Ship Island. The Louisville & Nashville use seventy-pound rail. The Pearl & Leaf Rivers uses seventy-seven and a half pound rail, but their roadbed is not in good condition. Trestles on the Gulf & Ship Island Railroad are made heavy and solid, equal to those of any of the other roads of the State, and superior to most of them.

Answer to interrogatory six. In regard to schedule speed of passenger trains, trains Nos. 1 and 2 make the trip between Jackson and Gulfport, 160 miles, in four hours and forty minutes, and four hours and fifty-five minutes, respectively, making four regular stops. This is an average speed of 34.3 and 32.5 miles per hour, including stops. The accommodation trains make the trip in six hours and twenty-five minutes to seven hours, making about forty stops, and allowing ten minutes for lunch at Hattiesburg. This makes an average speed of 23.4 to 25.6 miles per hour, deducting the ten minutes at Hattiesburg. The Louisville & Nashville express trains run between New Orleans and Mobile, 140 miles, in three hours and fifty-two minutes to four hours and fifteen minutes, making an average speed of
431 36.2 miles per hour. The express trains on the New Orleans & Northeastern run between New Orleans and Meridian, 196 miles, in five hours and fifty minutes, an average speed of 33.6

miles an hour. The Illinois Central express trains run between Jackson and New Orleans, 183 miles, in five hours and five minutes, an average speed of thirty-six miles per hour. A through Pullman sleeping car is carried on trains 1 and 2, and runs between Gulfport and Fulton, Ky.

Answer to interrogatory seven. The present value of the Gulfport terminals to the road I should place at a figure considerably above the actual cost—say, about two and a half million dollars—due to two causes: First, appreciation of property since it was bought, and, secondly, the road is given another outlet and one entirely independent of any other road. The value of this terminal will enhance greatly in the next few years. To duplicate the present terminals would cost not far from $1,850,000, owing to increased price for material and labor. The cost up to date is approximately $1,700,000.

Answer to interrogatory eight. In answer to interrogatory number eight will say that the general superintendent, Mr. R. Morgan, is better prepared to answer this question than I can do, as my connection with this department is very slight.

Answer to interrogatory nine. The main repair shops situated at Gulfport are frame buildings of rather light construction and covered with galvanized iron. All of the new buildings, such as car sheds, paint shop, wood-working shop, and roundhouse and shop at Hattiesburg are frame buildings on concrete foundations and are well built. The roundhouse at Hattiesburg has six brick and concrete engine pits, and turntable set in brick-lined pit. All the newer stations are generally of pretty fair workmanship, while some of the old ones are light and poorly built. A fine brick station has been built at Laurel, and one is under way at Gulfport. Section houses are mostly new and are well built. A new water station at Hattiesburg has been put in, and several of the others have been over-
452 hauled. The pier and wharves have been made exceptionally strong, and are able to carry almost any reasonable load.

Answer to interrogatory ten. Mr. A. M. Searle's statement that the Gulf & Ship Island Railroad, including rolling stock, stations, harbor, pier, buildings, etc., can be duplicated for $12,000 per mile is absolutely untrue. The main line, 160 miles, exclusive of the rolling stock, is worth about $38,600 per mile, or, with the rolling stock, $43,800 per mile, and it would cost that to duplicate. The branch lines, aggregating ninety-one miles, would cost about $14,000 per mile to duplicate, or, with the rolling stock, about $16,300, making the cost for the 251 miles $29,700 per mile, which, with the rolling stock, would be $33,800.

Answer to interrogatory eleven. The cost up to date has been about $1,615,000, and with the terminals would cost about $1,850,000 to duplicate, on account of increased prices for labor and material. The present actual worth to the railroad can not be well estimated, as it gives the road an entirely free and unrestricted outlet and places it so that it can not be closed up by other roads, as well as by causing a great increase of traffic. The expenditures have mostly been wisely done, and the work accomplished represents, as well as can be determined, the value of the money spent.

Answer to interrogatory twelve. It is not the lightest and most cheaply constructed railroad that I have ever seen. Instead of two-

thirds of the engines being very old I will say that two-thirds of them are new, or comparatively new, and that very few were built as far back as 1879. But they have all been overhauled and rebuilt.

From my estimate of the present value of the main line of the Gulf & Ship Island Railroad Company, based upon what such work and material is now worth, including everything—equipment, shops, tanks, and so forth—I would say that it could not be duplicated for less than $43,800 per mile, and the branches at $16,300 per mile.

433 The Mendenhall branch, which is now under construction, runs for the first fifteen miles mostly through a very rough, rugged country, requiring a great deal of very heavy excavations and fills. Three cuts, thirty-five to thirty-seven feet deep each, and one fill of the same height is required, with a number of other cuts and fills from twenty to thirty feet, which makes very heavy work. A great deal of the material is a tough clay, which is very hard to excavate and particularly mean to handle when it gets wet. These cuts are necessary to be taken out much wider than would be required on account of the danger to slide or fall in.

WILLIS W. VAIL.

Subscribed and sworn to before me this 23rd day of February, A. D. 1904.

[SEAL.] H. C. ELDER,
Notary Public.

434 THE STATE OF MISSISSIPPI.
Harrison County, Town of Gulfport.

I, H. C. Elder, a notary public in the town of Gulfport, State of Mississippi, county of Harrison, hereby certify that in pursuance to the agreement attached to the foregoing interrogatories addressed to J. T. Jones, R. Morgan, and W. W. Vail, I caused the said J. T. Jones, R. Morgan, and W. W. Vail to come before me, and on the interrogatories hereinbefore recited have taken the depositions of the said J. T. Jones, R. Morgan, and W. W. Vail, and the answers to said interrogatories as made by them and as stated therein. I further certify that the said J. T. Jones, R. Morgan, and W. W. Vail signed the said answers to said interrogatories in my presence, each of them having been first duly sworn by me according to law, and stated that said answers to said interrogatories were true in substance and in fact.

Given under my hand and seal of office at Gulfport, Harrison County, Mississippi, this 23rd day of February, A. D. 1904.

[SEAL.] H. C. ELDER, *Notary Public.*

THE STATE OF MISSISSIPPI, *Harrison County, Town of Gulfport.*

I, H. C. Elder, notary public, who took the depositions of J. T. Jones, R. Morgan, and W. W. Vail, as certified to above, hereby certify that the interlineations in ink in said depositions were made after the same were written out by me, and when read by the witnesses, and before said witnesses signed the same.

Witness my hand and seal of office this 23rd day of February, A. D. 1904.

[SEAL.] H. C. ELDER, *Notary Public.*

435 (Endorsed on back:) Filed Feb. 27,1904. Docket No. —.

436 Case dismissed as to Mobile, Jackson & Kansas City Railroad Co.

EXHIBITS.

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[I. C. C. No. 1671—Cancels I. C. C. No. 1315.]

The Yazoo & Mississippi Valley R. R. Co., Illinois Central Railroad Company, and railroads shown on page 2 of cover.

[E 3532—Cancels D 3532.]

JOINT FREIGHT TARIFF APPLYING ON COTTONWOOD AND GUM LUMBER FROM STATIONS ON THE YAZOO & MISSISSIPPI VALLEY RAILROAD AND ILLINOIS CENTRAL RAILROAD (SOUTHERN LINES) TO POINTS SHOWN HEREIN.

[Issued September 30, 1902. Effective October 5, 1902.]

Issued by F. B. Bowes, general freight agent, Louisville; C. C. Cameron, ass't gen'l freight agent, Louisville; R. F. Reynolds, ass't gen'l freight agent, New Orleans; W. L. Smith, ass't gen'l freight agent, Memphis; T. J. Hudson, traffic manager, Chicago; M. C. Markham, ass't traffic manager, Chicago; W. E. Keepers, gen'l freight agent, Chicago; W. M. Rhett, gen'l freight agent, New Orleans.

Rates herein apply in connection with the following railroads: Atchison, Topeka & Santa Fe Ry.; Baltimore & Ohio R. R.; Baltimore & Ohio Southwestern R. R.; Boston & Albany R. R.; Boston & Maine R. R.; Buffalo, Rochester & Pittsburg Ry.; Central R. R. of New Jersey; Chesapeake & Ohio Ry.; Chicago & Alton Ry.; Chicago & Erie R. R.; Chicago & Northwestern Ry.; Chicago, Burlington & Quincy R. R.; Chicago, Indianapolis & Louisville Ry.; Chicago, Milwaukee & St. Paul Ry.; Chicago Terminal Transfer R. R.; Cincinnati, Hamilton & Dayton Ry.; Cleveland, Cincinnati, Chicago & St. Louis Ry.; Delaware & Hudson Co.; Delaware, Lackawanna & Western R. R.; Elgin, Joliet & Eastern Ry.; Erie R. R.; Fitchburg R. R.; Grand Rapids & Indiana Ry.; Grand Trunk Ry. System; Indiana, Decatur & Western Ry.; Indiana, Illinois & Iowa R. R.; Iowa Central Ry.; Kansas City, Memphis & Birmingham R. R.; Lake Erie & Western R. R.; Lake Shore & Michigan Southern Ry.; Lehigh Valley R. R.; Michigan Central R. R.; Nashville, Chattanooga & St. Louis Ry.; New York Central & Hudson River R. R.; New York, Chicago & St. Louis R. R.; New York, New Haven & Hartford Railroad; New York, Ontario & Western Ry.; New York, Susquehanna & Western R. R.; Pennsylvania Co.; Pennsylvania R. R.; Pere Marquette R. R.; Philadelphia & Reading Railway; Pittsburg, Cincinnati, Chicago & St. Louis Ry.; Rock Island System; Southern Railway; Toledo, Peoria & Western Ry.; Vandalia Line; Wabash R. R.; West Shore R. R.; Wheeling & Lake Erie R. R.; Wisconsin Central Ry.

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Barbees, Miss.	5	8	Bowles, Miss.	7	34	Clover Hill, Miss.	4	6
Barkley, Miss.	4	9	Boyle, Miss.[a]	4	23	Coahoma, Miss.	4	4
Barksdale, Miss.	7	22	Brighton, Tenn.	3	23	Cooks, Miss.	4	36
Baugh, Miss.	5	36	Bristol, Miss.	6	29	Covington, Tenn.	3	22
Beaver Dam, Miss.	3	50	Brittain & Dunn, Miss.	4	14	Cruger, Miss.	7	10
Bellwood, Tenn.	7	40	Brown's Ferry, Miss.	5	26	Curve, Tenn.	3	15
Belzona, Miss.	7	42	Brutons, Miss.	5	30	Dahomey, Miss.	5	55
Benoit, Miss.	6	1	Buffalo, Miss.	7	20	Danforth, Miss.	5	6
Beulah, Miss.	5	52	Burdette, Miss.	4	32	Davenport, Miss.	4	11
Black Bayou, Miss.	6	50	Burke, Miss.	4	5	Darnell, Miss.	6	40
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[a] See miscellaneous rates, page 8.

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Geren, Miss.	7	4
Gilliam, Miss.	7	32
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Glover, Miss.	3	39
Gordon, Miss.	7	48
Grace, Miss.	6	21
Green Grove, Miss.	5	37
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Harris, Tenn.	3	2
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Hushpuckana, Miss.	4	17
Ingraham, Miss.	5	9
Inverness, Miss.	7	33
Isenberg, Miss.	4	31
Isola, Miss.	7	39
James, Miss.	6	13
Janesco, Miss.	7	38
Jeffreys, Miss.	5	4
Johnstons, Miss.	4	34
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Keirn, Miss.	7	11
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Longwood, Miss.	6	15
Lorenzen, Miss.	6	25
Lorman, Miss.	7	50
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McNair, Miss.	7	53
Magenta, Miss.	6	30
Marriette, Miss.	5	20
Mark, Miss.	5	19
Markham, Miss.	7	31
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Merritt, Miss.	6	14
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Millington, Tenn.	3	27
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Montgomery, Miss.	6	24
Moon Lake, Miss.	4	2
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Munson, Miss.	6	36
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Pullen, Miss.	4	12
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Rex, Miss.	6	27
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Ripley, Tenn.	3	17
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Rome, Miss.	7	15
Round Cypress, Miss.	5	34
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Shaws, Miss.	4	25
Shelby, Miss. [a]	4	18
Sherard, Miss. [a]	5	35
Sidon, Miss.	7	8
Smedes, Miss.	4	52
Somerville, Miss.	6	51
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Spencer, Miss.	6	20
State Levee, Miss.	5	3
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Stoneville, Miss.	6	31
Stouts, Miss.	7	44
Stovall, Miss.	5	32
Sumner, Miss.	6	44
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Swan Lake, Miss.	6	47
Swiftwater, Miss.	6	10
Tchula, Miss.	7	13
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Tipton, Tenn.	3	25
Towne, Miss.	7	2
Trail Lake, Miss.	6	35
Tribbett, Miss.	6	33
Trimble, Tenn.	3	6
Trotters Point, Miss.	5	1
Troy, Tenn.	3	33
Tunica, Miss.	3	48
Turley, Miss.	3	46
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Tutwiler, Miss.	6	
Valley Park, Miss.	4	54
Vance, Miss.	5	16
Vicksburg, Miss. [a]	7	43
Walsh, Miss.	4	56
Walton, Miss.	4	3
Warrenton, Miss.	7	47
Wayside, Miss.	6	11
Webb, Miss. [a]	6	45
Welmot, Miss.	4	33
White Apple, Miss.	7	56
Whitney, Miss.	7	21
Wilczinski, Miss.	6	8
Wildberg, Miss.	6	38
Williams, Tenn.	3	18
Winterville, Miss.	6	6
Woodstock, Tenn.	3	29
Wrights, Miss.	5	49
Wyatt, Miss.	7	12
Yarbrough, Miss.	5	18
Yazoo City, Miss.	5	10
Yerger, Miss.	6	37

[a] See miscellaneous rates, page 8.

Cottonwood and gum lumber—Cottonwood and gum box material.

[Carload, minimum weight 30,000 lbs.]

Index number.	From— To—	In cents per hundred pounds.																	
		New Orleans, La. (proper).	New Orleans, La., for export (depot delivery).	Vicksburg, Miss.	Memphis, Tenn.	Cairo, Ill.	Evansville, Ind.; Henderson, Ky.; Owensboro, Ky.	St. Louis, Mo.; East St. Louis, Ill.; Louisville, Ky.	Cincinnati, Ohio.	Chicago, Ill.	Milwaukee, Wis.	Norwood, Ohio.	O'Fallon, Ill.	Baltimore, Md. (all rail).	Boston, Mass. (all rail).	New York, N. Y. (all rail).	Philadelphia, Pa. (all rail).	
	Illinois Central R. R., Fulton district.																		
1	Pierce, Tenn.																		
2	Harris, Tenn.																		
3	Moffatt, Tenn.																		
4	Polk, Tenn.							10	13	16	19	†12	14						
5	Obion, Tenn.																		
6	Trimble, Tenn.																		
7	Templeton, Tenn.																		
8	Newbern, Tenn.					10	10	10	13	16	19	†12	14						
9	Hunsackers, Tenn.																		
10	Dyersburg, Tenn.																		
11	Fowlkes, Tenn.																		
12	South Fork, Tenn.					10	10	10	13	16	19	†12	14						
13	Halls, Tenn.																		
14	Gates, Tenn.																		
15	Curve, Tenn.																		
16	Flippin, Tenn.																		
17	Ripley, Tenn.																		
18	Williams, Tenn.																		
19	Henning, Tenn.																		
20	Rialto, Tenn.					10	10	10	13	16	19	†12	14						
21	Covington, Tenn.																		
22	Melrose Tenn.																		
23	Brighton, Tenn.																		
24	Atoka, Tenn.																		
25	Tipton, Tenn.																		
26	Kerrville, Tenn.																		
27	Millington, Tenn.																		
28	Lucy, Tenn.					10	10	10	13	16	19	†12	14						
29	Woodstock, Tenn.																		
30	St. Elmo, Tenn.																		
31	Frayser, Tenn.																		
32	Memphis, Tenn.					§10	10	10	‡13	16	19	....	14						
	Troy branch.																		
33	Troy, Tenn.							10	13	16	19	†12	14						
	Dyersburg district.																		
34	Mengles Spur, Tenn.																		
35	Ridgewood, Tenn.																		
36	Point B, Tenn.					10	10	10	13	16	19	†12	14						
37	Stephen's Band Mill, Tenn.																		
	Grenada district.																		
38	Sardis, Miss.	....	10	....	....	10	13	13	16	19	22	....	17	....	....	....	....		
	The Y. & M. V. R. R., Memphis district.																		
39	Glover, Miss.																		
40	Lake Cormorant, Miss.																		
41	Holloway, Miss.																		
42	Penton, Miss.																		
43	Clack, Miss.	9	10	6	5	10	13	¶13	16	19	22	....	17	32	37	35	33		
44	Robinsonville, Miss.																		
45	Bowdre, Miss.																		
46	Turley, Miss.																		
47	Hollywood, Miss.																		
48	Tunica, Miss.																		
49	Evansville, Miss.																		
50	Beaver Dam, Miss.																		
51	Clayton, Miss.	9	10	6	5	10	13	13	16	19	22	....	17	32	37	35	33		
52	Maud, Miss.																		
53	Dundee, Miss.																		
54	Hamlin, Miss.																		

† Applies only on gum logs, minimum weight 50,000 pounds.
‡ Will also apply on cottonwood lumber to Covington, Ky.
§ Will also apply on cottonwood lumber to Columbus, Ky.
¶ Will also apply on cottonwood staves, carloads, minimum weight 30,000 pounds, Penton, Miss., to Louisville, Ky.

Cottonwood and gum lumber—Cottonwood and gum box material—Continued.

Index number.	From—	To—	In cents per hundred pounds.															
			New Orleans, La. (proper).	New Orleans, La., for export (depot delivery).	Vicksburg, Miss.	Memphis, Tenn.	Cairo, Ill.	Evansville, Ind.; Henderson Ky.; Owensboro, Ky.	St. Louis, Mo.; East St. Louis, Ill.; Louisville, Ky.	Cincinnati, Ohio.	Chicago, Ill.	Milwaukee, Wis.	O'Fallon, Ill.	Baltimore, Md. (all rail).	Boston, Mass. (all rail).	New York, N. Y. (all rail).	Philadelphia, Pa. (all rail).
	The Y. & M. V. R. R., Memphis district—Cont'd.																	
1	Lula, Miss.																	
2	Moon Lake, Miss.																	
3	Walton, Miss.																	
4	Coahoma, Miss.		9	10	6	5	10	13	13	16	19	22	17	32	37	35	33	
5	Burke, Miss.																	
6	Clover Hill, Miss.																	
7	Houston, Miss.																	
8	Lyon, Miss.																	
9	Barkley, Miss.																	
10	Clarksdale, Miss.																	
11	Davenport, Miss.																	
12	Pullen, Miss.		9	10	6	5	10	13	13	16	19	22	17	32	37	35	33	
13	Bobo, Miss.																	
14	Britian and Dunn, Miss.																	
15	Alligator Lake, Miss.																	
16	Duncan, Miss.																	
17	Hushpuckana, Miss.																	
18	Shelby, Miss.																	
19	Mound Bayou, Miss.		9	10	6	5	10	†13	13	16	19	22	17	32	37	35	33	
20	Merigold, Miss.																	
21	Renova, Miss.																	
	Cleveland district.																	
22	Cleveland, Miss.																	
23	Boyle, Miss.																	
24	O'Reilly, Miss.																	
25	Shaws, Miss.		9	10	5	5	10	13	13	16	19	22	17	32	37	35	33	
26	Choctaw, Miss.																	
27	Helm, Miss.																	
28	Head, Miss.																	
29	Elizabeth, Miss.																	
30	Leland, Miss.																	
31	Isenberg, Miss.		9	10	5	6	10	13	13	16	19	22	17	32	37	35	33	
32	Burdette, Miss.																	
33	Welmot, Miss.																	
34	Johnstons, Miss.																	
35	Arcola, Miss.		9	10	...	6	10	13	13	16	19	22	17	32	37	35	33	
36	Cooks, Miss.																	
37	Estill, Miss.																	
38	Hollondale, Miss.																	
39	Bluella, Miss.																	
40	Percy, Miss.																	
41	Panther Burn, Miss.		9	10	...	6	10	13	13	16	19	22	17	32	37	35	33	
42	Nitta Yuma, Miss.																	
43	Cameron Spur, Miss.																	
44	Anguilla, Miss.																	
45	Mont Helena, Miss.																	
46	Riverside Junction, Miss.																	
47	Rolling Fork, Miss.																	
48	Egremont, Miss.																	
49	Cary, Miss.		9	10	...	6	10	13	13	16	19	22	17	32	37	35	33	
50	Blanton, Miss.																	
51	Onward, Miss.																	
52	Smedes, Miss.																	
53	Kelso, Miss.																	
54	Valley Park, Miss.																	
55	Hardee, Miss.																	
56	Walsh, Miss.																	
57	Bomer, Miss.		9	10	...	6	10	13	13	16	19	22	17	32	37	35	33	
58	Flowerce, Miss.																	
59	Katzenmeyer, Miss.																	
60	Redwood, Miss.																	
61	Blakely, Miss.																	

† Will also apply on gum staves, minimum weight 30,000 pounds, from Shelby, Miss., to Owensboro, Ky.

Cottonwood and gum lumber—Cottonwood and gum box material—Continued.

Index number.	From—	To—	In cents per hundred pounds.															
			New Orleans, La. (proper).	New Orleans, La., for export (depot delivery).	Vicksburg, Miss.	Memphis, Tenn.	Cairo, Ill.	Evansville, Ind.; Henderson, Ky.; Owensboro, Ky.	St. Louis, Mo.; East St. Louis, Ill.; Louisville, Ky.	Cincinnati, Ohio.	Chicago, Ill.	Milwaukee, Wis.	O'Fallon, Ill.	Baltimore, Md. (all rail).	Boston, Mass. (all rail).	New York, N. Y. (all rail).	Philadelphia, Pa. (all rail).	
	Helena district.																	
1	Trotters Point, Miss.																	
2	Glendale, Miss.																	
3	State Levee, Miss.																	
4	Jeffreys, Miss.		9	10	6	5	10	13	13	16	19	22	17	32	37	35	33	
5	Powell, Miss.																	
6	Danforth, Miss.																	
7	Mascot, Miss.																	
8	Barbees, Miss.																	
9	Ingram, Miss.																	
10	Yazoo Pass, Miss.																	
11	Priddy, Miss.																	
12	Russell, Miss.		9	10	6	5	10	13	13	16	19	22	17	32	37	35	33	
13	Matagorda, Miss.																	
14	Jonestown, Miss.																	
15	Eagles Nest, Miss.																	
	Lake Cormorant district.																	
16	Vance, Miss.																	
17	Longstreet, Miss.																	
18	Yarbrough, Miss.																	
19	Marks, Miss.		9	10	6	5	10	13	13	16	19	22	17	32	37	35	33	
20	Marienette, Miss.																	
21	Banks, Miss.																	
22	Bowdre Road, Miss.																	
23	Turleys Spur, Miss.																	
24	Pritchards, Miss.		9	10	6	5	10	13	13	16	19	22	17	32	37	35	33	
25	Hudsons Ferry, Miss.																	
26	Browns Ferry, Miss.																	
	Riverside district.																	
27	Long Lake, Miss.																	
28	Armistead, Miss.																	
29	Friars Point, Miss.		9	10	6	5	10	13	†13	16	19	22	17	32	37	35	33	
30	Session, Miss.																	
31	Dickerson, Miss.																	
32	Stovall, Miss.																	
33	McLemore, Miss.		9	10	6	5	10	13	13	16	19	22	17	32	37	35	33	
34	Round Cypress, Miss.																	
35	Sherard, Miss.		9	10	6	5	10	13	13	16	19	22	17	32	37	35	33	
36	Baugh, Miss.																	
37	Green Grove, Miss.																	
38	Rena Lara, Miss.																	
39	Brutons, Miss.		9	10	6	5	10	13	13	16	19	22	17	32	37	35	33	
40	Hillhouse, Miss.																	
41	Eldridge, Miss.																	
42	Elise, Miss.																	
43	Little, Miss.																	
44	Round Lake, Miss.																	
45	Deeson, Miss.		9	10	6	5	10	13	13	16	19	22	17	32	37	35	33	
46	Rembert, Miss.																	
47	Perthshire, Miss.																	
48	Gunnison, Miss.																	
49	Wrights, Miss.		9	10	6	5	10	13	13	16	19	22	17	32	37	35	33	
50	Rosedale, Miss.																	
51	Nicholson, Miss.																	
52	Beulah, Miss.																	
53	Christmas, Miss.		9	10	...	5	10	13	13	16	19	22	17	32	37	35	33	
54	Lobdell, Miss.																	
55	Dahomey, Miss.																	

† Will also apply on cottonwood staves, carloads, minimum weight 30,000 pounds, to St. Louis, Mo., and East St. Louis, Ill.

Cottonwood and gum lumber—Cottonwood and gum box material—Continued.

Index number.	From—	To—	In cents per hundred pounds.															
			New Orleans (proper), La.	New Orleans, La., for export (depot delivery).	Vicksburg, Miss.	Memphis, Tenn.	Cairo, Ill.	Evansville, Ind.; Henderson, Ky.; Owensboro, Ky.	St. Louis, Mo.; East St. Louis, Ill.; Louisville, Ky.	Cincinnati, Ohio.	Chicago, Ill.	Milwaukee, Wis.	O'Fallon, Ill.	Baltimore, Md. (all rail).	Boston, Mass. (all rail).	New York, N. Y. (all rail).	Philadelphia, Pa. (all rail).
	Riverside district—Cont'd.																	
1	Benoit, Miss																	
2	Nugent, Miss																	
3	Lake Vista, Miss																	
4	Scott, Miss		9	10	...	5	10	13	13	16	19	22	17	32	37	35	33	
5	Lamont, Miss																	
6	Winterville, Miss																	
7	Hunts, Miss																	
8	Wilczinski, Miss																	
9	Greenville, Miss		...	...	...	...	10	13	13	16	19	22	17	32	37	35	33	
10	Swiftwater, Miss																	
11	Wayside, Miss																	
12	Avon, Miss																	
13	James, Miss		9	10	...	6	10	13	13	16	19	22	17	32	37	35	33	
14	Merritt, Miss																	
15	Longwood, Miss																	
16	Erwin, Miss																	
17	Caldmere, Miss																	
18	Reiser, Miss																	
19	Hampton, Miss																	
20	Spencer, Miss																	
21	Grace, Miss		9	10	...	6	10	13	13	16	19	22	17	32	37	35	33	
22	Booth, Miss																	
23	Leavenworth, Miss																	
24	Montgomery, Miss																	
25	Lorenzen, Miss																	
	Glen Allen branch.																	
26	Glen Allen, Miss		9	10	...	6	10	13	13	16	19	22	17	32	37	35	33	
	Leland district.																	
27	Rex, Miss																	
28	Campbells Crossing, Miss																	
29	Bristol, Miss		9	10	...	6	10	13	13	16	19	22	17	32	37	35	33	
30	Magenta, Miss																	
31	Stoneville, Miss																	
32	Holly Knowe, Miss																	
33	Tribbett, Miss																	
34	Bourbon, Miss		9	10	5	6	10	13	13	16	19	22	17	32	37	35	33	
35	Trail Lake, Miss																	
36	Munson, Miss																	
37	Yerger, Miss																	
	Tallahatchie district.																	
38	Wildberg, Miss																	
39	Boone, Miss																	
40	Earnest, Miss																	
41	Mattson, Miss		9	10	6	5	10	13	13	16	19	22	17	32	37	35	33	
42	Dublin, Miss																	
43	Tutwiler, Miss																	
44	Sumner, Miss																	
45	Webb, Miss																	
46	Albin, Miss																	
47	Swan Lake, Miss																	
48	Darnell, Miss																	
49	Glendora, Miss		9	10	6	5	10	13	13	16	19	22	17	32	37	35	33	
50	Black Bayou, Miss																	
51	Somerville, Miss																	
52	Deer Mound, Miss																	

Cottonwood and gum lumber—Cottonwood and gum box material—Continued.

Index number.	From— To—	In cents per hundred pounds.														
		New Orleans, La. (proper).	New Orleans, La., for export (depot delivery).	Vicksburg, Miss.	Memphis, Tenn.	Cairo, Ill.	Evansville, Ind.; Henderson, Ky.; Owensboro, Ky.	St. Louis, Mo.; East St. Louis, Ill.; Louisville, Ky.	Cincinnati, Ohio.	Chicago, Ill.	Milwaukee, Wis.	O'Fallon, Ill.	Baltimore, Md. (all rail).	Boston, Mass. (all rail).	New York, N. Y. (all rail).	Philadelphia, Pa. (all rail).
	Tallahatchie district—Con.															
1	Minter City, Miss.															
2	Towne, Miss.															
3	Philipp, Miss.															
4	Geren, Miss.	9	10	6	5	10	13	13	16	19	22	17	32	37	35	33
5	Money, Miss.															
6	Parsons Junction, Miss.															
7	Rising Sun, Miss.															
8	Sidon, Miss.															
9	Rogers, Miss.															
10	Cruger, Miss.															
11	Keirn, Miss.	9	10	6	5	10	13	13	16	19	22	17	32	37	35	33
12	Wyatt, Miss.															
13	Tchula, Miss.															
14	Gwin, Miss.															
	Sunflower district.															
15	Rome, Miss.															
16	Minot, Miss.															
17	Parchman, Miss.															
18	Fitzhugh, Miss.	9	10	6	5	10	13	13	16	19	22	17	32	37	35	33
19	Kirkpatrick, Miss.															
20	Buffalo, Miss.															
21	Whitney, Miss.															
22	Barksdale, Miss.															
23	Logton, Miss.															
24	Drew.	9	10	6	5	10	13	13	16	19	22	17	32	37	35	33
25	Allen Spur, Miss.															
26	Ruleville, Miss.															
27	Pentecost, Miss.															
28	Sunflower, Miss.	9	10	6	5	10	13	13	13	19	22	17	32	37	35	33
29	Moorehead, Miss.															
30	Englewood, Miss.															
31	Markham, Miss.															
32	Gilliam, Miss.															
33	Iverness, Miss.	9	10	6	5	10	13	13	13	19	22	17	32	37	35	33
34	Bowles, Miss.															
35	Gaston, Miss.															
36	Miller, Miss.															
37	Orr, Miss.															
38	Janesco, Miss.															
39	Isola, Miss.															
40	Bellwood, Miss.	9	10	6	5	10	13	13	13	19	22	17	32	37	35	33
41	Finus, Miss.															
42	Belzona, Miss.															
	Vicksburg district.															
43	Vicksburg, Miss.	.....	.....	.....	.....	11	14	14	17	20	23	18	33	38	36	34
44	Stout, Miss.															
45	Mattingly, Miss.															
46	South Vicksburg, Miss.															
47	Warrenton, Miss.	9	10	.....	.....	11	16	16	19	22	25	20	.....	.....	.....	.....
48	Gordon, Miss.															
49	Russum, Miss.															
50	Lorman, Miss.															
51	Melton, Miss.															
52	Harriston, Miss.															
53	McNair, Miss.															
54	Hamburg, Miss.	9	10	.....	.....	11	16	16	19	22	25	20	.....	.....	.....	.....
55	Roxie, Miss.															
56	White Apple, Miss.															
57	Franklin, Miss.															
58	Knoxville, Miss.															

Cottonwood and gum lumber—Cottonwood and gum box material—Continued.

Article.	From—	To—	In cents per 100 pounds.
Common gum lumber, minimum weight 40,000 pounds.....C. L.	Obion, Tenn.	Hopkinsville, Ky.	8
	Boyle, Miss.	Trimble, Tenn.	8½
	Lake Cormorant, Miss.		
Gum lumber, minimum weight 30,000 pounds.....C. L.	Dyersburg, Tenn.	Nashville, Tenn.	12
	Sardis, Miss.	Dubuque, Iowa	22
Cottonwood lumber, minimum weight 30,000 pounds.....C. L.	Hanson City, La.	Akron, Ohio	26
		Cedar Rapids, Iowa	23
		Chicago, Ill.	20
		Cincinnati, Ohio	18
		East St. Louis, Ill.	15
		Louisville, Ky.	15
		Omaha, Nebr.	21
		St. Louis, Mo.	15
	Rosedale, Miss.	Atlanta, Ga.	16
		Florence, Ala.	12
	Vicksburg, Miss.	Nashville, Tenn.	11
	Sherard, Miss.		
Cottonwood and gum lumber, minimum weight 30,000 pounds, C. L.	Gunnison, Miss.	Indianapolis, Ind.	20
	Rosedale, Miss.		
	Greenville, Miss.		
	Greenville, Miss.	Birmingham, Ala.	10
		Florence, Ala.	10
		Nashville, Tenn.	10
Common and cull lumber, minimum weight 30,000 pounds (applies only on lumber to be used in the manufacture of furniture).....C. L.	Drew, Miss.	Vaiden, Miss.	10
	Duncan, Miss.		
	Merigold, Miss.		
	Minter City, Miss.		
	Webb, Miss.		

Rates to Chicago, Ill., will also apply to the following points.

[26a points as checked, 30%.]

*Adams (Livingston Co.) Ill.
Addison, Ill.
Ætna, Ill.
Alhambra, Ill.
*Allerton, Ill.
Alma, Ill.
Alta, Ill.
Alvan, Ill.
Aiworth, Ill.
Amboy, Ill.
Anchor, Ill.
Ancona, Ill.
*Anderson, Ill.
Annawam, Ill.
Appleton, Ill.
Arcola, Ill.
Argenta, Ill.
Arlington, Ill.
Armstrong, Ill.
Aroma, Ill.
Ashkum, Ill.
Assumption, Ill.
Atkinson, Ill.
Aurora, Ill.
Baileyville, Ill.
*Ballard, Ill.
Barclay, Ill.
Barnes, Ill.
Batavia, Ill.
Beason, Ill.
Belleflower, Ill.
*Belmont, Ill.
Benson, Ill.
Berwick, Ill.
*Berwyn, Ill.
Biggs, Ill.
*Binney, Ill.
Bird's Bridge (Will Co.), Ill.
Birbeck, Ill.
Bishop Hill, Ill.
Blandinsville, Ill.
*Blodgett, Ill.
Bloomington, Ill.
Blue Island, Ill.
Bondville, Ill
Bonfield, Ill.
Booths, Ill.
Boyers Siding, Ill.
Braceville, Ill.
Bradley, Ill.
Braidwood, Ill.
Breeds, Ill.
Brickton, Ill.
Brisbane, Ill.
Bristol, Ill.
*Broadview, Ill.
Buckingham, Ill.
Buckley, Ill.
Budd, Ill.
Buffalo Hart, Ill.
Bureau (Bureau Co.), Ill.
Burlington, Ill.
*Burnside, Ill.
Burnside (Hancock Co.), Ill.
Burtonview, Ill.
Bushnell, Ill.
*Butts, Ill.
Cabery, Ill.
Calumet Park, Ill.
Cambridge, Ill.
Cameron, Ill.
Canton, Ill.
Carbon Cliff, Ill.
Cardiff, Ill.
Carman, Ill.
Carrow, Ill.
*Caton, Ill.
Caton Farm, Ill.
Cayuga, Ill.
Centreville (Grand Co.), Ill.
Champaign, Ill.
Chappell, Ill.
Charlotte, Ill.
Charter Grove, Ill.
Chatsworth, Ill.
Chebanse, Ill.
Cheltenham, Ill.
Chenoa, Ill.
Chestnut, Ill.
Chicago Heights, Ill.
Chicago Ridge, Ill.
Chillicothe, Ill.
Cisco, Ill.
Civer, Ill.
Clarendon Hill, Ill.
Clarke City, Ill.
Clifton (Iroquois Co.), Ill.
Clinton, Ill.
Clio, Ill.
Cloverdale, Ill.
Clyde (Cook Co.), Ill.
Coal City, Ill.
Coal Valley, Ill.
Coalville Junction, Ill.
Coleman, Ill.
Colfax, Ill.
Colona, Ill.
Colvin Park, Ill.
Comb's Switch, Ill.
Compton, Ill.
Cooksville, Ill.
Cooper, Ill.
Cordova, Ill.
Cornland, Ill.
Corwith, Ill.
Coster, Ill.
Cotton Hill, Ill.
Coyne's (Will Co.), Ill.
Crampton, Ill.
Cresent City, Ill.
Cropsey, Ill.
Crumbaugh, Ill.
Cuba, Ill.
Cullom, Ill.
Culton, Ill.
Dahinda, Ill.
Dallas, Ill.
Dana, Ill.
Danforth, Ill.
Decatur, Ill.
Decorra, Ill.
Delena, Ill.
Deland, Ill.
Deli Abby, Ill.
Del Rey, Ill.
De Pue, Ill.
Dewey (Champaign Co), Ill.
De Witt, Ill.
Dickerson, Ill.
Dickeys, Ill.
Dietrich, Ill.
Dillsburg, Ill.
Dimmick, Ill.
Discoe, Ill.
Divernon, Ill.
Divine, Ill.
Dixon, Ill.
Dolton (Cook Co.), Ill
Donovan, Ill.
Dorans, Ill.
Downer's Grove, Ill.
Drummond, Ill.
Dugger, Ind.
Dunkle, Ill.
Dunlap, Ill.
Dwight, Ill.
Earleville, Ill.
East Aurora, Ill.
Eastburn, Ill.
East Fort Madison, Ill.
East Galesburg, Ill.
East Grove, Ill.
East Joliet, Ill.
East Moline, Ill.
Easton, Ill.

*Prepay station. (File 2464-Q.) (D. S. B. 2504.) (Authority A 877.)

Rates to Chicago, Ill., will also apply to the following points—Continued.

East Plato, Ill.,
East Rockford, Ill.,
Edelstein, Ill.,
Edgewood, Ill.
Effingham, Ill.
Eldena, Ill.,
*Elders, Ill.,
Ellison, Ill.
El Paso, Ill.
Elsdon, Ill.
Elvaston, Ill.,
Elwin, Ill.
Elwood, Ill.,
Emery, Ill.
Englewood, Ill.,
Eola, Ill.
Essex (Kankakee Co.), Ill.
Eureka, Ill.
Evarts, Ill.,
Exline, Ill.
Eylar, Ill.,
Fairbury, Ill.,
Fairman, Ill.
Farina, Ill.
Farmer City, Ill.
Farmersville, Ill.
Farnsworth, Ind.,
Ferris, Ill.,
Fisher (Champaign Co.), Ill.
Flanagan, Ill.,
*Fletchers Siding, Ill.,
Forrest, Ill.
Forreston, Ill.,
Forsyth, Ill.
Frankfort, Ill.,
Freeport, Ill.,
Frontenac, Ill.
Fullerton, Ill.
Fulton, Ill.,
Galesburg, Ill.,
Galton, Ill.
Galva, Ill.,
Gardner (Grundy Co.), Ill.
Gary, Ill.,
Gatton, Ill.
Geneseo, Ill.,
Genoa, Ill.
German Prairie, Ill.
Gibson, Ill.
Gifford, Ill.
Gilman, Ill.,
Glasford, Ill.,
Glenarm, Ill.
Glen Carbon, Ill.
Good Hope, Ill.,
Goodrich, Ill.,
*Gordons, Ill.,
Grand Crossing, Ill.,
Granger, Ill.,
Graymont, Ill.,
Green River, Ill.,
*Greens Switch, Ill.
Greenwich, Ill.,
*Greggs, Ill.
Gridley, Ill.,
Griswold, Ill.,
Grossdale, Ill.,
Groveland, Ill.
Guthrie, Ill.,
Haldane, Ill.,
Hallville, Ill.
Hamilton (Hancock Co.), Ill.,
*Hampton (Will Co.), Ill.
Hampton (Rock Island Co.), Ill.,
Hanson, Ill.
Harmon, Ill.,
Harper, Ill.
Harpster, Ill.
Harvey, Ill.,
Hawthorne, Ill.,
Hayes, Ill.
Healy, Ill.
Hedrick, Ind.
Hedgewisch, Ill.,
Hendrix, Ill.
Henkel, Ill.,
Henning, Ill.
Hersher, Ill.,
Heyworth, Ill.
Hickory Grove (Carroll Co.), Ill.
Highlawn, Ill.
Hillside, Ill.
Hinsdale, Ill.,
Hollies, Ill.
Holton, Ill.
Homewood, Ill.,
Hospital, Ill.,
Howard, Ill.
Hudson, Ill.
Humboldt, Ill.
Iowa, Ill.
Irene, Ill.,
Iroquois, Ill.,
Irwin, Ill.,
Joliet, Ill.,
Kankakee, Ill.,
Kappa, Ill.
Kempton, Ill.
Kenney, Ill.
Kensington, Ill.,
Kernan, Ill.,
Kerrick, Ill.
Kickapoo, Ill.
Kingston (Peoria Co.), Ill.
Kinmundy, Ill.
Kinsman, Ill.,
Kittridge, Ill.,
*Knox, Ill.
Kumler, Ill.
La Crosse, Ill.,
La Fayette, Ill.,
La Grange (Cook Co.), Ill.,
La Harpe, Ill.,
La Hogue, Ill.,
La Mollie, Ill.
La Rose, Ill.,
La Salle, Ill.,
La Vergne, Ill.
Laclede, Ill.
Ladd, Ill.,
Lake Fork, Ill.
Lanark, Ill.,
Lanes, Ill.
Langham, Ill.,
Laura, Ill.
Laurette, Ill.
Leaman, Ill.
Leeds, Ill.,
Leland, Ill.,
Lemont, Ill.,
Leonard, Ill.
Leonore, Ill.,
Le Roy, Ill.
Leverette, Ill.
Lexington, Ill.
Lincoln, Ill.
Linton, Ill.
*Lis, Ill.
Lisle, Ill.,
Litchfield, Ill.
Lockport, Ill.,
Loda, Ill.
Lodge, Ill.
Lomax, Ill.,
Long Point, Ill.
Lorenzo, Ill.,
L'Ostant, Ill.
Ludlow, Ill.
Lyonton, Ill.
Macon, Ill.
*Magnet, Ill.
Malden, Ill.
Manteno, Ill.
Mapleton, Ill.
Marietta, Ill.
Marine, Ill.
Marna, Ill.
Marquette, Ill.
Marseilles, Ill.
Mason City, Ill.
Matteson, Ill.
Mattoon, Ill.
Mazon, Ill.
Mazonia, Ill.
McCall, Ill.
McCooke, Ill.
McKinney, Ill.
McLanes, Ill.
McNulta, Ill.
Meadows, Ill.
Media, Ill.
*Meharry, Ill.
Melvin, Ill.
Mendota, Ill.
Meriden, Ill.
Merna, Ill.
Merom, Ind.
Midland City, Ill
Midway, Ill.
Milan (Rock Island Co.), Ill.
Mildred, Ill.
Millsdale, Ill.
*Milton Siding, Ill.
Mineral, Ill.
Minonk, Ill.
Minooka, Ill.
Missal, Ill.
Moline, Ill.
Momence, Ill.
Monee, Ill.
Monica, Ill.
Mont, Ill.
Montgomery (Cain Co.), Ill.
Monticello, Ill.
Moon, Ill.
Morris, Ill.
Morton (Tazewell Co.), Ill.
Mt. Carroll, Ill.
Mt. Olive, Ill.
Mt. Pulaski, Ill.
Mowequa, Ill.
Naperville, Ill.
Nemo, Ill.
Neoga, Ill.
New Chicago, Ill.
New Holland, Ill.
New Lebanon, Ill.
New Philadelphia, Ill.
Newton, Ill.
Normal, Ill.
Normantown, Ill.
North Dixon, Ill.
North Hampton, Ill.
North Oswego, Ill.
*North Riverside, Ill.
*North Wayne, Ill.
Oblong, Ill.
Oconee, Ill.
Odell, Ill.
*Oglesby, Ill.
Ohio, Ill.
Onarga, Ill.
Orange Mines, Ill.
Oreana, Ill.
Orion, Ill.
Ormonde, Ill.
Osco, Ill.
Ospur, Ill.
Ottawa, Ill.
Otto, Ill.
Palestine, Ill.
Pana, Ill.
Panola, Ill.
Parnell, Ill.
Patoka, Ill.
*Pawnee Junction, Ill.
Paw Paw, Ill.
Paxton, Ill.
Pekin, Ill.
Penfield, Ill.
Peotone, Ill.
Perryville, Ill.
Peru, Ill.
Pesotum, Ill.
Piper City, Ill.
Plainfield, Ill.
Plano, Ill.
Plato Center, Ill.
Polo, Ill.
Ponemah, Ill.
Pontiac, Ill.
Pontoosuc, Ill.
Poplar City, Ill.
Port Byron, Ill.
Potomac, Ill.
Prairie Creek, Ill.
Princeville, Ill.
Prospect, Ill.
Radford, Ill.
Ramsey, Ill.
Randolph, Ill.
Ransom, Ill
Rantoul, Ill.
Rapids City, Ill.
Rawalts, Ill.
Rayville, Ill.
Reddick, Ill.
Reed City, Ill.
Richton, Ill.
Ridgeville, Ill.
Risk, Ill.
Riverdale, Ill.
Riverside, Ill.
Riverton, Ill.
Roanoke, Ill.
Roberts, Ill.
Robinson, Ill.
Rockford, Ill.
Rooks Creek, Ill.
Rugby, Ill.
Rutland, Ill.
Sabina, Ill.
St. Anne, Ill.
St. Mary's (Iroquois Co.), Ill.
Sandwich, Ill.
Savoy, Ill.
Schicks Crossing, Ill.
Sciota, Ill.
Scottsburg, Ill.
Scovel, Ill.
Seneca, Ill.
*Severson, Ill.
Seville, Ill.
Seward, Ill.
Seymour, Ill.
Shaws (Lee Co.), Ill.
Sheffield, Ill.
Sheldon, Ill.
Shobonier, Ill.
Shop Creek, Ill.
Sigel, Ill.
Skelton, Ill.
Smithfield, Ill.
Smithshire, Ill.
Somonauk, Ill.
South Addison, Ill.
South Aurora, Ill.
South Chicago, Ill.
South Elmhurst, Ill.
Spaulding, Ill.
*Spires, Ill.
Springfield, Ill.
Spring Valley, Ill.
Staleys, Ill.
Stark, Ill.
*Starnes, Ill.
*Starnes Siding, Ill.

*Prepay station. (File 12464-Q.) (D. S. B. 2504.) (Authority A 877.)

Rates to Chicago, Ill., will also apply to the following points—Continued.

Stockdale, Ill.
*Stoddards, Ill.
Streator, Ill.
Stronghurst, Ill.
Sublette, Ill.
Sullivan, Ill.
Summers, Ill.
Summit, Ind.
*Sunbury, Ill.
Swift, Ill.
Switz City, Ind.
Swygert, Ill.
Tedens, Ill.
Teheran, Ill.
Thawville, Ill.
Thomas, Ind.
Thomasville, Ill.
Thompson, Ill.
Ticona, Ill.
Tiskilwa, Ill.
Tolona, Ill.
Toluca, Ill.
Tomlinson, Ill.
Tonica, Ill.
Tonti, Ill.
Toulon, Ill.
Towanda, Ill.
*Tracy, Ill.
Tucker, Ill.
Tuscola, Ill.
*Twin Bluffs, Ill.
Ulah, Ill.
*Uma, Ill.
Union Hill, Ill.
Utica, Ill.
Vandalia, Ill.
Van Nortick, Ill.
Van Orin, Ill.
Vera, Ill.
Vernon, Ill.
Verona, Ill.
Wada Petra, Ill.
Wagoner, Ill.
Walker, Ill.
Wapella, Ill.
Warrenhurst, Ill.
Warsaw, Ill.
Washington, Ill.
Watseka, Ill.
Watson, Ill.
Wauponsee, Ill.
Weedman, Ill.
Weldon, Ill.
Wenona, Ill.
West Brooklyn, Ill.
Western Springs, Ill.
West Genoa, Ill.
West Grossdale, Ill.
West Hinsdale, Ill.
West Lebanon, Ill.
Weston, Ill.
West Pullman, Ill.
Wheeler, Ill.
White Heath, Ill.
Wilbern, Ill.
Williamsfield, Ill.
Willow Hill, Ill.
Willow Springs, Ill.
Wilmington, Ill.
Wilson (Livingston Co.), Ill.
Windsor Park, Ill.
Wolfs (Will Co.), Ill.
Woodford, Ill.
Woosung, Ill.
Wyoming, Ill.
Youngsdale, Ill.
Zanesville, Ill.

Comparison between Hanson City, La., and McComb City, Miss.

Cottonwood, rate to Chicago 20c., 913 miles.
Yellow pine " " " 26c., 807 "
Ton cottonwood yields $4.00
Distance miles ..... 913=.00438 per ton per mile.
Ton yellow pine yields $5.20
Distance in miles ..... 807=.00644 " " " " or 47 % higher on yellow pine than cottonwood and gum.

Notice this tariff E. 3532 I. C. C., No. 1671, applies between a great number of stations other than water competition points both as to initial and destination points.

Exhibit E to Mr. Enochs' testimony.

(p. 477 testimony.)

Comparison of earnings of Illinois Central and Gulf and Ship Island R. Rs.

[To Cairo, Ill., 14c. and 16c. basis.]

G. & S. I. R. R.—Proportion 7c. before and after advance. Average haul, 80 miles.
I. C. R. R.— " 7c. " " 9c. " " Uniform haul, 378 miles.

1st rate, 14c.: G. & S. I. R. R. received $1.40 per ton.
Distance in miles, 80=.017c. per ton per mile.
I. C. R. R. received $140 per ton.
Distance hauled, 378=.0037, or 360 % more for G. & S. I. R. R. than I. C. R. R. under original divisions.

2nd rate, 16c.: G. & S. I. R. R. receives $1.40 per ton.
Distance in miles, 80=.017c. per ton per mile.
I. C. R. R. receives $1.60 " "
Distance hauled 378=.0047, or 260 % more for G. & S. I. R. R. than I. C. R. R. now receives.

3rd: The I. C. R. R. average ton per mile for all freight moved in 1902–03 being .00591, the G. & S. I. R. R. division (.017c.) is 180 % above the I. C. R. R. average.

4th: The I. C. R. R. receives from its own mill points .0068 to Cairo, which is 150 % higher as to its own mills than the division business bought of G. & S. I. R. at Jackson, Miss.

5th: The I. C. R. R. had on its own mills with 14c. rate to Cairo .0059c. or its average for its whole movement.

6th: 16c. to Cairo gives .0068c., or 14⅓ % above the average of its entire freight movement.

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*Prepay station. (File 12464–Q.) (D. S. B. 2504.) (Authority A 877.)

Exhibit F to Mr. Enochs' testimony.

(Page 496. See testimony of Mr. Enochs.)

[Enochs Bros., manufacturers of long-leaf yellow pine lumber. Dressed stock of all kinds. Timbers, rough or dressed, up to 75 feet long.]

[Order No. 265 J. N.; our No. 3996; car No. 5167; initial Big 4.]

FERNWOOD, MISS., *Aug. 27, 1902.*

Sold to Dayton Lbr. Co., Dayton, Ohio.

84	12½	8	No. 2, Com. sheathing				1.40		
690	"	10	"	"	"		14.37		
1080	"	12	"	"	"		27.00		
954	"	14	"	"	"		27.82		
2358	"	16	"	"	"		78.60		
276	"	18	"	"	"		10.35		
108	"	20	"	"	"		4.50		
							164.04	15.25	$250.16

(Memorandum in pencil:)

7.41 — 15 = $7.26 $7.41

R. R., 7.84 7.84

$15.25

[The Dayton Lumber and Manufacturing Co., cor. Clinton & Bacon sts., manufacturers of lumber lath, and shingles, doors, sash, blinds, etc. Hard-wood finishes and fine cabinetwork a specialty.]

DAYTON, O., *9/20, 1902.*

ENOCHS BROS.

GENTLEMEN: Enclosed please find—

Our 3-day note ——, for	.....
Our check, #7554, for	$119.10
Freight receipt, car #5167, for	128.63
" " car #——, for	.....
Cash discount	2.43
Correction of invoice	.....
Total	250.16

Being settlement in full for your invoice of Aug. 27, 1902.

Kindly acknowledge the receipt of same.

Yours, very truly,

THE DAYTON LUMBER & MFG. CO.

[Enochs Bros., manufacturers of long leaf yellow pine lumber. Dressed stock of all kinds. Timbers, rough or dressed, up to 75 feet long.]

[Order No., 504 P.C.A.; our No., 4135; car No., 69453; initial, Erie.]

FERNWOOD, MISS., *Nov. 13, 1902.*

Sold to C. H. Foote, Cleveland, O.

744	14	10	No. 2 C. Flg				24.80		
648	"	12	"	"	"		25.92		
702	"	14	"	"	"		32.76		
936	"	16	"	"	"		49.92		
414	"	18	"	"	"		24.84		
							158.24	12.25	$193.84

(Memorandum in pencil:)

$6.02

6.23

[Bell, Main 1471; Cuyahoga, M 231.]

CLEVELAND, O., *Jan. 2, 1903.*

Messrs. Enochs Bros., Fernwood, Miss., to C. H. Foote, Dr., wholesale lumber, 503 New England Bldg.

Mdse. per bill rend.—

Nov. 13			193.84
	Frt. car # 69453	98.60	
	1% disc	.95	
Jan. 2	ck	94.29	
		193.84	

(Stamped on face:) Received, Enochs Bros., Jan. 5, 1903, Fernwood, Miss.

[Enochs Bros., manufacturers of long leaf yellow pine lumber. Dressed stock of all kinds. Timbers rough or dressed, up to 75 feet long.]

[Order No., 470 C. W.; our No., 4263; car No., 19588; initial, I. C.]

FERNWOOD, MISS., *Oct. 30, 1902.*

Sold to Briggs Lbr. Co., Terre Haute, Ind.

1134	14	12	No. 2	C. S.	1 S	45.36		
612	"	20	"	"		40.80		
940	"	18	"	"		56.40		
450	"	10	"	"		15.00		
						157.56	13.25	$208.77

[F. H. Haring, president; H. Kniptasch, treasurer.]

TERRE HAUTE, IND., *Nov. 12, 1902.*

Enochs Bros. Sold to Briggs Lumber Co.

[Dealers in lumber, shingles, and lath. Dressed flooring, siding, and finishing constantly on hand. Sash, doors, blinds, and mouldings always on hand. All orders promptly attended to. Telephone, ——. Office and yard, 919 Chestnut street.]

1902.

Oct. 30.	By invoice car #19588 I. C		208.77
	To paid part rect. enclosed	100.10	
	" discount	2.17	
	" draft enclosed	106.50	
		208.77	

Very truly,

BRIGGS LUMBER CO.

(Stamped on face:) Received by Enochs Bros. Nov. 14, 1902. Fernwood, Miss.

C. T. Form 323. FREIGHT BILL.

[Date of W. B., 5; W. B. No., 26; car initials, I. C.; car No., 19588; consignor, ——; original point of shipment, Fernwood, Miss.]

TERRE HAUTE, IND., *11/4, 1902.*

Briggs Lbr. Co., To Terre Haute & Indianapolis R. R. Co. (V. T. Malott, receiver), Dr. For charges on articles waybilled from Effham.

No. of pkgs.	Articles and marks.	Weight.	Rate.	Freight.	Advances.	Total.
.....	Y. P. lumber.....	45,500	.....	$10.92	$89.18	$100.10

Connecting line reference, ——; original way-bill number, ——; original car, ——
Received payment

FRANK R. HALE, *Agent.*

Original paid freight bills should accompany all claims for overcharge, loss, or damage.

[Enochs Bros., manufacturers of long leaf yellow pine lumber. Dressed stock of all kinds. Timbers rough or dressed, up to 75 feet long.]

[Order No., 503 P. C. A.; our No., 4134; car No., 27578; initial, L S & M S.]

FERNWOOD, MISS., *Oct. 31, 1902.*

Sold to C. H. Foote, Cleveland, O.

To Sharon, Pa.

402	14	10	No. 2 C Flg			13.40		
642	"	12	"	"		25.68		
828	"	14	"	"		38.64		
1038	"	16	"	"		55.36		
198	"	18	"	"		11.88		
						144.96	12.50	$181.20

(Memorandum in pencil:)
6.29
6.21

[C. H. Foote, yellow pine, hardwood, hemlock, and pine. Car and cargo shipments. New England Bldg Telephone connections. Perfect maple flooring.]

CLEVELAND, O., *Dec. 18, 1902.*

Messrs. ENOCHS BROS., *Fernwood, Miss.*

GENTLEMEN: Have just received settlement for car #27578, shipped to Sharon, Pa. Am very glad to report that the car turned out all right. I enclose herewith check for $90.96 in settlement for this car, less the freight, $89.32, and 1% discount, or 92¢.

I trust this settlement will be satisfactory. Kindly acknowledge receipt of same, and oblige,

Yours, truly,

C. H. FOOTE.

(Stamped on face:) Received by Enochs Bros. Dec. 20, 1902. Fernwood, Miss.)

[Enochs Bros., manufacturers of long leaf yellow pine lumber. Dressed stock of all kinds. Timbers, rough or dressed, up to 75 feet long.]

[Order No., mail; our No., 4259; car No., 101341; initial, Erie.]

FERNWOOD, MISS., *Oct. 28, 1902.*

Sold to E. E. Chapman's Sons, Syracuse, N. Y.

800	16	10	#2 C. S. 2 S. & C. M.			40.00		
612	"	12	"	"	"	36.72		
704	"	14	"	"	"	49.28		
1492	"	16	"	"	"	119.36		
28	"	18	"	"	"	2.52		
72	"	20	"	"	"	7.20		
						255.08	14.00	$357.11

[R. B. Chapman; George E. Chapman.]

SYRACUSE, N. Y., *Dec. 1, 1902.*

Messrs. Enochs Bros., E. E. Chapman's Sons, lumber, cor. Free & Carbon st.

By car 101341		357.11
Less fgt	175.23	
2%	3.64	
N. Y. dft	178.24	
	357.11	357.11

(Stamped on face:) Received by Enochs Bros. Dec. 4, 1902. Fernwood, Miss.

[Enochs Bros., manufacturers of long leaf yellow pine lumber. Dressed stock of all kinds. Timbers, rough or dressed, up to 75 feet long.]

[Order No., J. Neimeyer; our No., 3943; car No., 22348; initial, I. C.]

FERNWOOD, MISS., *Oct. 25, 1902.*

Sold to West Side Lbr. Co., Dayton, Ohio.

18	12½	8	No. 2 C. S. S.	.....	.30			
960	"	10	" "	.....	20.00			
1122	"	12	" "	.....	28.05			
943	"	14	" "	.....	26.57			
2076	"	16	" "	.....	69.20			
24	"	18	" "	.....	.90			
6	"	20	" "	.....	.25			
						145.27	15.25	$221.74

[S. W. Davies, lumber dealer.]

DAYTON, OHIO, *November 20", 1902.*

ENOCH BROTHERS, *Fernwood, Miss.*

GENTLEMEN: Enclosed please find my note at 90 days from October 25", for $111.13 in settlement of invoice same date, less freight as per bill enclosed.

Yours, very truly, S. W. DAVIES.

This car was originally shipped to the West Side L. Co. and turned over to me by Jno. Nemeyer.

S. W. D.

(Stamped on face:) Received by Enochs Bros., Nov. 24, 1902, Fernwood, Miss.

[Enochs Bros., manufacturers of long leaf yellow-pine lumber. Dressed stock of all kinds. Timbers rough or dressed, up to 75 feet long.]

[Order No. 130, J. Nemeyer; our No. 3588; car No. 7169; initial, I. C.]

FERNWOOD, MISS., *July 1, 1902.*

Sold to S. W. Davies, Dayton, Ohio.

2,525	13	16	#2 com. s. s.	.....	10,100			
1,568	"	14	" "	.....	5,488			
32	"	12	" "	.....	96			
						15,684	15.00	235.28

[S. W. Davies, lumber dealer.]

DAYTON, OHIO, *July 16", 1902.*

ENOCH BROTHERS, *Fernwood, Miss.*

GENTLEMEN: Enclosed please find my note at 90 days from July 1", for $119.36 in settlement of invoice same date, less freight as per bill enclosed.

Yours, very truly, S. W. DAVIES.

Comparison between Redwood, Miss., & Jackson.

[To Kensington & Peoria, Ill. Rate, 18c. 722.5 miles; Kensington, Ill. Rate, 26c. 714.22 miles.]

Ton from Redwood yields..... $3.60
Distance in miles..... 722.5 =.00498 per ton per mile.
Ton from Jackson " $5.20
Distance in miles..... 714.22=.00728 " " " " or 46% higher per ton per mile.

Supplement No. 134 to A 3550.
" " 134 " ICC 1033.

The Yazoo & Mississippi Valley R. R. Co.

[Sup. No. 134 to I. C. C. 1033. Supplement No. 134 (sups. 106, 125, 129, 133, and 134 include all changes) to A 3550.]

Joint freight tariff applying on lumber, carloads (minimum weight 40,000 lbs.), from Redwood, Miss. (when from Cox's mill).

To	In cents per 100 pounds.
Kensington, Ill	18 26 8
Peoria, "	18 25 7

[Issued July 26th, 1902. Effective July 31st, 1902.]

Issued by F. B. Bowes, general freight agent, Louisville; W. E. Keepers, G. F. A., Chicago; R. F. Reynolds, A. G. F. A., New Orleans; W. M. Rhett, G. F. A., New Orleans; W. L. Smith, A. G. F. A., Memphis; C. C. Cameron, A. G. F. A., Louisville; G. W. Becker, A. G. F. A., St. Louis.
(Y. & M. V. 1000. File 12442. Authority A 954.)

Comparison between Lutcher, La., & McComb City, Miss.

[Rate to St. Louis on cypress, 12c. 723 miles; rate to St. Louis on yellow pine, 20c. 605 miles.]

Ton cypress yields..... $2.40
Distance in miles..... 723=.0033c. per ton per mile.
Ton yellow pine yields..... $4.00
Distance in miles..... 605=.0066 " " " " or 100% higher on yellow pine than on cypress lumber.

Deducting bridge terminal of 2c. at St. Louis leaves net rate on cypress 10c., or .0027 per ton per mile and 18c. on yellow pine, or .0059 per ton per mile, or 118% higher on yellow pine from McComb than on cypress from Lutcher.

Exhibit B to Mr. Enochs' testimony.

(See p. 475.)

Exhibit to show effect of advances from 13c. & 14c. to 16c.

Per cent of advance from 14c. to 16 is $14\frac{2}{7}\%$.
I. C. R. R. gross receipts from freight=$30,592,094.32×$14\frac{2}{7}$=$4,370,399.10.
Per cent of advance from 13c. to 16c. is $23\frac{1}{13}\%$—13c. rate to Cairo 1892.
1894.
1899.
I. C. gross receipts from freight=$30,592,094.32×$23\frac{1}{13}$=$7,059,714.07.

(See testimony of Mr. Enochs.)

Comparison of I. C. R. R. cars 1901 & 1892 & 1902 & 1893.

Coal cars.	28,000#	101=	2,828,000	
1901 &	40,000#	1,915	76,600,000	
1902.	50,000#	2,064	103,200,000	
	60,000#	4,079	244,740,000	
	80,000#	6,072	485,760,000	
		14,231		66,740# Average—Their report.
1892 &	16,000#	41=	656,000	
1893.	30,000	163	4,890,000	
	40,000	925	37,000,000	
	50,000	400	20,000,000	
	60,000	1,400	84,000,000	
		2,929	146,546,000	$=\frac{50,032\#}{16,708}=33\frac{2}{16}\%$ increase.
Box cars	28,000#	848	33,746,000	
1901	40,000	4,642	185,680,000	
1902	50,000	2,719	135,950,000	
	60,000	9,059	543,540,000	
	80,000	5,044	403,520,000	
		22,312	1,304,436,000	=58,300#. {Their report shows 59,060# Average.
1892 & 3	28,000#	711	19,908,000	
	40,000	8,687	347,480,000	
	50,000	902	45,100,000	
		10,300	412,488,000	$=\frac{40,047\#}{18,253}$ Increase 47%.
Flat cars,	30,000#	89		
1901 &	40,000	852		
2.	50,000	257		
	60,000	68		
	80,000	1,315		
		2,581	Their report shows 66,360 Average capacity.	
1902 & 3	30,000	1,024 cars or 66,360		
		$30,000=121\%$ increase of capacity.		

Notice way of increase:

Coal cars	1892 & 93	2,929	
	1901 & 02	14,231	$+33\frac{2}{16}\%$ increased capacity.
Box "	1892 & 93	10,300	
	1901 & 02	22,312	$+47\%$ " "
Flat "	1892 & 93	1,024	
	1901 & 02	2,581	$+121\%$ " "

Exhibit A, Mr. Enochs.

(See p. 497.)

Illinois Central Railroad Company.—Rules for loading long materials. Effective March 1, 1897. A. W. Sullivan, general superintendent.

Rules Governing the Loading of Lumber and Timber on Open Cars.

The loading of all classes of lumber and timber on open cars must be in general conformity with the following diagrams:

MATERIAL LOADED ON A SINGLE CAR.

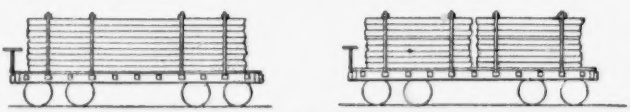

Fig. 1.

Material must be so loaded as to permit the brake at one end to be accessible and operative, and the lading at the other end must not project beyond the end of the car. Four stakes must be placed on each side of the car, and the tops of the opposite stakes must be held together by two boards, as specified. When the length of lumber will admit, it must be similarly loaded in two piles. The marked capacity of the car must not be exceeded.

LOADING PART CARS OF LUMBER NOT LESS THAN 40 AND NOT OVER 65 FEET LONG.

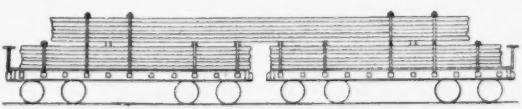

Fig. 2.

When long pieces are to be loaded on top of two cars of short pieces they must rest on bearing pieces not less than 8x8 inches in section, securely fastened across the top lading of each car, and the stakes must extend up as shown and be securely fastened at the top and middle with wire, but the short stakes may be held together at the top with boards, as shown. The short lumber must be placed centrally on each car, and the bearing pieces must be placed between the stakes and as near the middle of the car as possible, with the following distances from center to center: For lumber 65 feet long, 43 feet; lumber 60 feet long, 40 feet; lumber 50 feet long, 35 feet; lumber 40 feet long, 30 feet. The maximum aggregate weight must not exceed ninety per cent of the marked capacity of the cars, and the amount of long lumber must not exceed one-half the lading.

MATERIAL NOT OVER 42 FEET LONG.

FIG. 3.

This material must be carried on one car, the second car being simply an idler. The latter must invariably be a flat car, while the car carrying the load may be either a flat car or a drop-end gondola. The five stakes on each side of the carrying car should be placed as near the bolsters as possible, and no stakes whatever should be used on the idler. All stakes should be fastened as described in the General Instructions, paragraph 7. The material on carrying car must rest on bearing pieces not less than 8x8 inches in section, and in length equal to the full width of the car, to prevent the lading from touching the idler, so that the cars can curve freely. These bearing pieces should be placed directly above the bolster, or as near to it as possible, but never between it and the end of the car. Should the idler be higher than the loaded car, the bearing pieces must be of sufficient thickness to keep the ends of lumber at least four (4) inches above the floor of the idler. The lading overhanging the idler must not project more than fifteen (15) feet from the center of the bearing piece, so that the ends will not project too far beyond the side of the car in curving. Short material may be loaded on the idler to the extent of two-thirds its marked capacity, and stakes secured in accordance with General Instructions, paragraph 7. There must be, however, a space of at least two (2) feet between the lading of the two cars. As the load on one truck of the carrying car is in excess of that on the other, and in direct proportion to load on bearing pieces and the overhang, care should be taken in all cases to load as near to the brake staff as possible, but leaving the brake accessible and operative. When loaded in this manner the following are the maximum lengths and weights which may be carried on cars of given length and capacity:

Length of cars.	Length of lumber.	Maximum weight of load.		
		Capacity of cars, 40,000 lbs.	Capacity of cars, 50,000 lbs.	Capacity of cars, 60,000 lbs.
30 feet	30 feet.	38,000 lbs.	46,000 lbs.	57,000 lbs.
	32 "	35,000 "	42,000 "	53,000 "
	34 "	32,000 "	39,000 "	49,000 "
	36 "	30,000 "	37,000 "	45,000 "
32 feet	32 "	38,000 "	47,000 "	58,000 "
	34 "	35,000 "	44,000 "	54,000 "
	36 "	32,000 "	41,000 "	50,000 "
	38 "	30,000 "	38,000 "	47,000 "
34 feet	36 "	36,000 "	45,000 "	55,000 "
	38 "	34,000 "	42,000 "	51,000 "
	40 "	32,000 "	39,000 "	48,000 "
	42 "	30,000 "	37,000 "	45,000 "

MATERIAL 40 TO 70 FEET LONG.

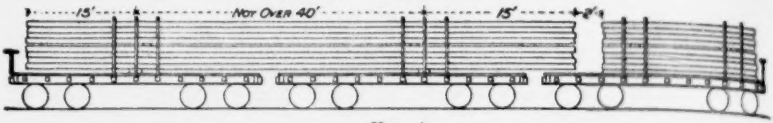

FIG. 4.

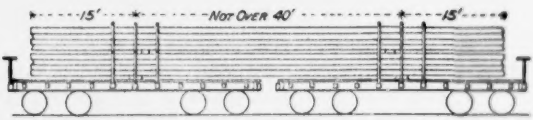

FIG. 5.

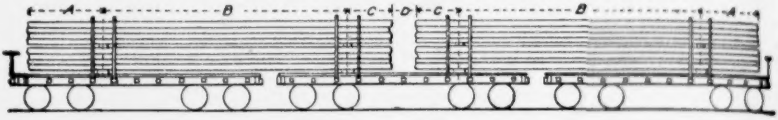

FIG. 6.

This material may be loaded on two or three cars of any length, as per figs. 4, 5, or 6, according to the quantity and lengths of material to be loaded, provided that the two end brakes are kept accessible and the same relative proportions in the spacing of bearing pieces, distance between ladings, and overhang of material are maintained, as per the following tables, which refer to fig. 6 exclusively. The application of these tables will allow of the loading of lumber sixty feet long at one end and forty feet at the other, or with intermediate lengths; but when so loaded the maximum aggregate weight of load must be reduced to 10,000 lbs. less than given in the tables.

When loaded on cars 34 feet long.					Marked capacity of cars.	Maximum aggregate weight to be carried.
Length of lumber.	A.	B.	C.	D.		
40 ft.	10 ft. 3 in.	24 ft.	5 ft. 9 in.	10 ft.		
45 ft.	11 ft. 9 in.	27 ft.	6 ft. 3 in.	6 ft. 6 in.		
50 ft.	13 ft.	30 ft.	7 ft.	2 ft. 6 in		
60 ft.	17 ft.	33 ft.	10 ft.	2 ft.	40,000 lbs.	90,000 lbs.
When loaded on cars 30 to 32 feet long.					50,000 lbs.	105,000 lbs.
					60,000 lbs.	120,000 lbs.
40 ft.	10 ft. 3 in.	24 ft.	5 ft. 9 in.	8 ft.		
45 ft.	11 ft. 9 in.	27 ft.	6 ft. 3 in.	4 ft.		

MATERIAL 70 TO 100 FEET LONG.

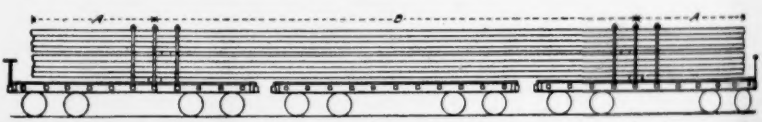

FIG. 7.

When loaded as per figs. 4 or 5, the lading must not exceed two-thirds of the marked capacity of the two carrying cars. When loaded as per fig. 4, short material may be loaded on the idler to the extent of two-thirds the marked carrying capacity of that car. The stakes should be fastened together, as described by General Instructions, paragraph 7, except that the short lading may be secured as described in fig. 1.

This material must be loaded on three cars. The lading must rest on bearing pieces not less than 10 x 10 inches in section, placed equally distant from the center of bolster on both carrying cars, and the lading equally divided on them. There must be at least two stakes placed as near together as possible on each side of the carrying car, securely fastened together, as described in General Instructions, paragraph 7. These stakes should either be made of material eight (8) inches wide and of sufficient thickness to fill the stake pockets, and gained at the bottom so that they will extend on to the flooring of the car, or, after the standard stakes are in place, pieces 4 x 4 inches in section must be securely fastened to the inside of each stake. This narrows the space for lading eight (8) inches and permits a greater overhang at both the ends and middle of the lading without a dangerous projection beyond the sides of the cars when they are passing around curves. There must not be any stakes or bearing pieces used on the idler, and on no account must the lading be allowed to touch it. The following table of proportional distances between the bearing pieces and the proper overhang for lumber of different lengths must be observed, and when so loaded the maximum load for lumber of less than ninety (90) feet must not exceed one-half the marked capacity of the two end cars, but for lumber of ninety (90) feet and over two-thirds of the marked capacity of these two cars will be allowed.

Length of lumber, 70 feet	A, 10 feet.	B, 50 feet.	A, 10 feet.
" " 80 "	A, 14 "	B, 52 "	A, 14 "
" " 90 "	A, 16 "	B, 58 "	A, 16 "
" " 100 "	A, 18 "	B, 64 "	A, 18 "

LOADING MATERIAL ON GONDOLAS.

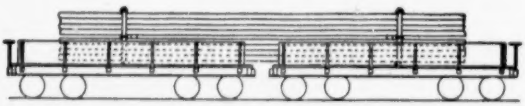

FIG. 8.

Long material may be loaded on gondola cars that have drop end gates, provided that when loaded on two cars, bearing pieces 8 x 8 inches are used to keep the lading clear of the end gates and floor at least three (3) inches, and in addition to the bearing pieces on the floors there be placed two bearing pieces on each car not less than 8 x 8 inches in section, one on each side of the lading between the material and sides of the cars. These bearings must be placed in a vertical position and halved onto, and securely spiked to, the floor bearings in such a manner as to make the floor bearings serve as a

brace between them, and fastened together as described by General Instructions, paragraph 7. Not more than two gondolas must be used together, and the lading must not exceed three-fourths the marked capacity of the cars.

CHAINING OF CARS WHEN LOADED WITH LONG LUMBER.

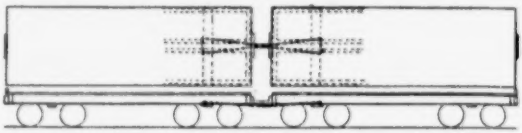

FIG. 9.

The use of chains is optional. On such roads as require their use, cars must be chained together with chains made of not less than three-quarter ($\frac{3}{4}$) inch iron passing over body bolsters and across under sills, forming a loop back of bolster and doubling to point of coupling between the two cars, as per fig. 9, unless cars are provided with safety chains. These chains should be made as short as possible without taking the strain off of drawbars when springs are compressed. At interchange points chains will either be removed or the receiving road will furnish the delivering road with chains of the same quality and dimensions as those received. When link and pin couplers are used, the slack of the link must be taken up by ordinary key blocks of hard wood driven into the link between the drawheads.

GENERAL INSTRUCTIONS.

1. When two or more cars have to be used to carry a lading, the consignee and destination of all the material must be the same. When more than one car is used the lading must always be kept clear from the floors of the cars, whether a carrying car or an idler. Both cars carrying the load must be considered of the same capacity as the one of lesser capacity. Flat cars must always be used for loading lumber too long for one car, except as specified in figs. 3 and 8. On single cars, or the extremes of a group of cars, the lading must not extend beyond the end sills.

2. If the lading consists of piles or telegraph poles or other round timber, they must rest on bearing pieces not less than 10 x 10 inches in section and be loaded with the butts and tops alternating, and if the lading occupies two or more cars, each tier must be separated by strips over the bearing pieces and must be well wrapped with wire around the middle and both ends, to prevent shifting, and in all cases there must be at least two pairs of stakes at each end of lading, and securely fastened, as described in General Instructions, paragraph 7.

3. Where the lading projects so as to necessitate the use of an idler, and there is sufficient material in one consignment, another car may be loaded in reverse order and one idler serve for both cars, and the space between the projecting ends may be utilized to load the idler with short lumber; but in all cases there must be at least

two feet between the ends of such ladings. The lading of the idler must not exceed two-thirds its marked capacity.

4. Where the dimensions of bearing pieces are not otherwise specified, they must be not less than 8 x 8 inches in section, and extend the full width of the car. They must never be placed between the bolster and the end of the car, but either between the bolsters or directly above them. When there is but one bearing piece it should not be less than 12 inches from center of bolster.

5. Where maximum weights are not specified in these instructions, the usual excess will be allowed.

6. All stakes must be sound, straight-grained lumber free from knots (hard wood preferred), and of full size to fit stake pockets. Care must be taken to keep the stakes from spreading at the top while cars are being loaded, and in no case must the load exceed the width of the car.

7. Opposite stakes must always be fastened together. In cases where the lumber is confined to one car and does not project beyond the end the stakes should be secured at the tops, either with wire or boards. In cases where the load projects beyond the end of a car or is carried in two or more cars, the stakes must be secured at the tops with wire, but if the load exceeds 3 feet in height, the stakes must be secured at the middle with wire and at the tops either with wire or boards. The wire used should be equal to six strands or three wrappings of No. 8 telegraph wire, and the stakes must be notched to prevent the wire from slipping. When boards are used there must be two to each pair of stakes 1 x 4 inches in section, securely nailed to each side of the stakes with not less than two 10-penny nails on each side and end. When stakes are wired at the middle there should be a bearing piece across the lading of such size as to keep the material apart sufficiently to protect it from injury by these wires.

8. All cars must be so loaded as to leave not less than 18 inches between ends of lumber and brake shaft, so that brakes will be operative—one brake for one or two cars and two brakes for three or five cars.

Maximum height for loading different kinds of lumber, based on the ordinary width of car between stakes, of 8 feet 6 inches.

FIG. 1.

Kind of lumber.	White pine and poplar.				Yellow pine, walnut, and ash.				Oak, hickory, and elm.			
Weight	35,000	40,000	50,000	60,000	35,000	40,000	50,000	60,000	35,000	40,000	50,000	60,000
Length of lumber	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.
16	5 4	6 1	7 8	9 2	4 9	5 5	6 9	8 2	3 7	4 1	5 1	6 1
" " 18	4 9	5 5	6 9	8 2	4 3	4 10	6 0	7 3	3 2	3 7	4 6	5 5
" " 20	4 3	4 11	6 1	7 4	3 10	4 4	5 5	6 6	2 10	3 3	4 1	4 11
" " 22	3 11	4 5	5 7	6 8	3 5	3 11	4 11	5 11	2 7	2 11	3 8	4 5
" " 24	3 7	4 1	5 1	6 1	3 2	3 7	4 6	5 5	2 4	2 8	3 5	4 2
" " 26	3 3	3 9	4 8	5 8	2 11	3 4	4 2	5 0	2 2	2 6	3 2	3 10
" " 28	3 1	3 6	4 4	5 3	2 8	3 1	3 10	4 8	2 0	2 4	2 11	3 6
" " 30	2 10	3 3	4 1	4 11	2 6	2 11	3 7	4 4	1 11	2 2	2 8	3 3
" " 32	2 8	3 1	3 10	4 7	2 4	2 8	3 5	4 1	1 9	2 0	2 6	3 1

FIG. 2.

Kind of lumber.	White pine and poplar.				Yellow pine, walnut, and ash.				Oak, hickory, and elm.			
Weight	35,000	40,000	50,000	60,000	35,000	40,000	50,000	60,000	35,000	40,000	50,000	60,000
Length of lumber	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.
16	7 0	8 0	10 0	12 0	6 3	7 1	8 11	10 8	4 8	5 4	6 8	8 0
" " 18	6 3	7 1	8 11	10 8	5 6	6 4	7 11	9 6	4 2	4 9	5 11	7 1
" " 20	5 7	6 5	8 0	9 7	5 0	5 8	7 1	8 6	3 9	4 3	5 4	6 5
" " 22	5 1	5 10	7 3	8 9	4 6	5 2	6 6	7 9	3 5	3 10	4 10	5 11
" " 24	4 8	5 4	6 8	8 0	4 2	4 9	5 11	7 1	3 1	3 7	4 5	5 4
" " 26	4 4	4 11	6 2	7 5	3 10	4 4	5 6	6 7	2 10	3 3	4 1	4 11
" " 28	4 0	4 7	5 8	6 10	3 7	4 1	5 1	6 1	2 8	3 0	3 10	4 7
" " 30	3 9	4 3	5 4	6 5	3 4	3 9	4 9	5 8	2 6	2 10	3 7	4 4
" " 32	3 6	4 0	5 0	6 0	3 1	3 7	4 5	5 4	2 4	2 8	3 4	4 1
" " 34	3 3	3 9	4 8	5 8	2 11	3 4	4 2	5 0	2 2	2 6	3 1	3 9

FIG. 4.

Kind of lumber	White pine and poplar.			Yellow pine, walnut, and ash.			Oak, hickory, and elm.		
Weight	36,000	45,000	55,000	36,000	45,000	55,000	36,000	45,000	55,000
Length of lumber, 36 feet	2 4"	2' 11"	3' 7"	2' 2"	2' 8"	3' 4"	1' 7"	2' 0"	2' 6"
Weight	34,000	42,000	51,000	34,000	42,000	51,000	34,000	42,000	51,000
Length of lumber, 38 feet	2 2"	2' 8"	3' 4"	1' 11"	2' 5"	2' 11"	1' 5"	1' 9"	2' 2"
Weight	32,000	39,000	48,000	32,000	39,000	48,000	32,000	39,000	48,000
Length of lumber, 40 feet	1 11"	2' 4"	2' 11"	1' 9"	2' 1"	2' 7"	1' 3"	1' 7"	1' 11"
Weight	30,000	37,000	45,000	30,000	37,000	45,000	30,000	37,000	45,000
Length of lumber, 42 feet	1' 9"	2' 2"	2' 7"	1 6"	1' 11"	2 4"	1' 2"	1' 5"	1' 9"

Maximum height for loading different kinds of lumber, based on the ordinary width of cars, between stakes, of 8 feet 6 inches—Continued.

FIG. 6.

Kind of lumber	White pine and poplar.			Yellow pine, walnut, and ash.			Oak, hickory, and elm.		
Weight	54,000	66,000	80,000	54,000	66,000	80,000	54,000	66,000	80,000
Length of lumber, Ft.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.
40	3 4	4 0	4 11	2 11	3 7	4 4	2 2	2 8	3 3
" " 45	2 11	3 7	4 4	2 8	3 2	3 10	1 11	2 5	2 11
" " 50	2 8	3 3	3 11	2 4	2 10	3 6	1 9	2 2	2 7
" " 55	2 5	2 11	3 7	2 1	2 7	3 2	1 7	1 11	2 4
" " 60	2 2	2 8	3 3	1 11	2 5	2 11	1 5	1 9	2 1
" " 65	2 0	2 6	3 0	1 10	2 2	2 8	1 4	1 8	2 0
" " 70	1 11	2 3	2 9	1 8	2 0	2 6	1 3	1 6	1 10

FIG. 7.

Kind of lumber	White pine and poplar.			Yellow pine, walnut, and ash.			Oak, hickory, and elm.		
Weight	45,000	56,500	67,500	45,000	56,000	67,500	45,000	56,000	67,500
Length of lumber, Ft.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.
40	2 9	3 5	4 1	2 5	3 0	3 8	1 10	2 3	2 9
" " 45	2 5	3 0	3 8	2 2	2 8	3 3	1 7	2 0	2 5
" " 50	2 2	2 9	3 4	1 11	2 5	2 11	1 5	1 10	2 2
" " 55	2 0	2 6	3 0	1 9	2 2	2 8	1 4	1 8	2 0
" " 60	1 10	2 3	2 9	1 7	2 0	2 5	1 3	1 6	1 10
" " 65	1 8	2 1	2 6	1 6	1 10	2 3	1 1	1 5	1 8
" " 70	1 7	1 11	2 4	1 5	1 9	2 1	1 0	1 3	1 7

FIG. 8.

Kind of lumber	White pine and poplar.			Yellow pine, walnut, and ash.			Oak, hickory, and elm.		
Weight	40,000	50,000	60,000	40,000	50,000	60,000	40,000	50,000	60,000
Length of lumber, Ft.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.
70	1 5	1 9	2 1	1 3	1 6	1 10	0 11	1 2	1 5
" " 80	1 3	1 5	1 10	1 1	1 4	1 7	0 10	1 0	1 3
Weight	54,000	66,000	80,000	54,000	66,000	80,000	54,000	66,000	80,000
Length of lumber, 90	1 5	1 9	2 2	1 3	1 7	1 11	1 0	1 2	1 5
" " 100	1 4	1 7	1 11	1 2	1 5	1 8	0 10	1 1	1 3

FIG. 9.

Kind of lumber	White pine and poplar.			Yellow pine, walnut, and ash.			Oak, hickory, and elm.		
Weight	60,000	75,000	90,000	60,000	75,000	90,000	60,000	75,000	90,000
Length of lumber, Ft.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.	Ft. in.
50	3 6	4 4	5 3	3 1	3 10	4 9	2 3	2 11	3 6
" " 55	3 2	3 11	4 9	2 10	3 6	4 3	2 1	2 8	3 2
" " 60	2 11	3 7	4 4	2 7	3 3	3 10	1 11	2 5	2 11
" " 65	2 8	3 4	4 0	2 4	3 0	3 7	1 9	2 3	2 8

These tables of dimensions and weights are estimates, based on green lumber, and where the heights are exceeded the load should be weighed, as different degrees of seasoning in different lumber will change the weights from ten to twenty-five per cent.

Exhibit No. 11.—Enochs' testimony.

(Pg. 273, testimony.)

Alphabetical list of cars of lumber shipped to stations in Iowa and other States beyond I. C. junction points, showing, from 1891 to 1903, rates, average loading, and stencil capacity, to show comparative performance with present period.

4795	Anomosa, Ia	33¢	40,000	33,800	$106.36
14748	Albert Lea, Ia	35½¢	50,000	44,600	157.32
7182	Akron, Ia	35¢	40,000	38,200	133.70
5069	Austin, Ia	29	40,000	29,000	84.10
3062	Armorer, S. D	42	40,000	27,000	113.92
5548	" "	"	40,000	27,200	114.25
	" "	"		31,800	133.56
7000	" "	42	50,000	40,200	168.25
7269	Anomosa, "	33	50,000	27,000	84.92
1656	Adams, Minn	29	40,000	41,800	140.66
3966	Alexandria, S. D	43	40,000	28,700	122.96
1184	Austin, "	29		29,300	85.56
6696	Bancroft	32.32	40,000	31,100	100.32
5818	Cresco	33.27	40,000	40,100	132.64
4711	"	"	40,000	37,300	123.78
6936	Correctionville	30.53	40,000	33,700	103.87
6522	Canton Junction	27.31	40,000	31,400	104.68
3538	Clarion	31.3	40,000	35,800	113.05
5330	Clear Lake	31.6	40,000	29,900	94.49
4497	Corman	32.74	40,000	33,600	108.04
5531	Decoran	33.34	40,000	26,300	89.41
6933	Esthernell	29.48	40,000	25,400	84.55
9965	Elkadar	31.86	50,000	36,300	115.72
5018	Emmetsburg	30.74	40,000	31,950	103.06
6913	Elk Point, S. D	33	40,000	29,400	102.89
7381	Fort Aitemsan	31.25	50,000	26,100	82.37
4968	Greely, Ia	30.66	40,000	33,900	103.96
	" "	"		39,200	120.20
8223	Hartley, "	31	40,000	34,700	109.46
6909	Hardwick	40.5	40,000	38,100	159.28
5932	Hull	30.82	40,000	29,730	91.69
	Ionia	30.53		35,000	106.18
2284	Jefferson, Dak	32	40,000	24,000	76.80
5301	Jackson	42.5	40,000	27,200	115.60
3060	Marion, Ia	30.66	40,000	27,500	84.31
1637	Martinsville, Ind	25	40,000	38,750	87.73
158	Monticello, Ia	30.98	40,000	31,700	98.22
5949	"	"	40,000	27,400	84.89
283	Mt. Morris	26	40,000	32,000	83.20
5940	Monticello, Ia	30.98	40,000	27,400	84.89
5284	Mt. Carmell, Ill	30.75	40,000	30,200	84.55
5941	McIntire, Ia	30.98	40,000	33,200	102.85
4355	Nora Springs, Ia	33.7	40,000	31,600	106.46
3063	" "	30.98	40,000	29,800	92.31
5698	Ossian, "	32.24	40,000	32,700	105.42
5615	" "	"	40,000	28,150	90.73
6237	" "	"	40,000	30,100	97.04
7382	Parker, S. D	38	50,000	26,800	102.11
1607	" "	"	40,000	26,100	99.15
4544	Pipestone	"	40,000	24,940	102.26
6169	Rock Valley	32.32	40,000	34,800	112.47
4451	Riceville, Ia	29	40,000	26,300	76.25
6116	Spring Grove	35.79	40,000	23,100	91.24
5545	Sanbern, Ia	30.82	40,000	44,100	136.84
7000	Tripoli, Ia	32.29	50,000	26,700	86.22
7772	Stockton, Ia	.....	50,000	50,200	81.54
4966	Sanbern, Ia	.....	40,000	34,600	112.90
			2,200,000	1,831,140	5,061.13

Average car capacity 53 cars 20 75 tons.
" " loading 61 " 15 "

5.75 " short, or 72.5% of car capacity.

Average car earning, 61 cars, $97.72.

Exhibit No. 12.—Enochs' testimony.

(Pg. 277, testimony.)

Report of Geo. K. Smith to the Southern Lumber Manufacturers' Association at its meeting January 19th, 1904, published in American Lumberman of January 23rd, 1904, page 38, giving clearing house record of the association for the year from January 1st, 1903, to January 1st, 1904.

1902.

State.	Mills.	Cut, '02.	Shipped, '02.	Stock, Jan. 1, '03.
Arkansas	81	909,260,900	879,118,797	231,584,096
Alabama	52	398,919,841	388,724,871	61,815,289
Louisiana	80	1,131,498,913	1,072,050,233	270,909,698
Mississippi	74	840,784,491	834,451,345	122,774,738
Missouri	7	205,266,623	186,525,745	61,498,300
Texas	71	1,032,934,884	1,014,522,054	228,912,381
Total	365	4,536,655,652	4,387,393,045	977,494,502

1903.

State.	Mills.	Cut, '03.	Shipped, '03.	Stock, Jan. 1, '04.
Arkansas	81	944,551,137	932,800,280	252,258,437
Alabama	53	457,938,148	433,684,841	82,054,932
Louisiana	103	1,215,424,629	1,210,895,759	307,854,173
Mississippi	80	831,956,307	825,708,735	122,269,920
Missouri	6	177,309,943	183,309,532	60,748,300
Texas	72	1,125,611,614	1,120,146,248	234,314,630
Total	395	4,762,791,778	4,706,635,395	1,059,500,392

EXHIBIT No. 13.—Enochs' testimony.

(Pg. 278, testimony.)

Chicago market yellow pine lumber in dollars & cents per thousand feet.

[From American Lumberman, Jan'y 23, 1904, p. 18.]

	"A," firsts and second, flooring.		"B," common flooring.	"C," three-inch.	Dimension stuff and timber under 12 x 12 & under 30 ft. in length.						
	1887.	1888.	1889.	1890.	1891.	1892.	1893.	1894.	1895.	1896.	1897.
First quarter:											
A	$21.50-23.00	$25.00	$24.00-25.00	$22.00-23.00	$23.00-25.00	$21.00-22.00	$17.50-18.00	$16.50-17.00	$14.00	$16.00-16.50	$12.00
B	17.00-19.00	.....	16.50-17.50	15.00-16.00	15.00-16.00	15 00-16.00	15 00-16 00	12 00-13 00	a1.00-11.50	13.00-14.00	10.00
C	.....	.....	.....	.....	.....	21.50-23.50	20.00-22.00	17.50-20.00	16.50-17.00	15.75-17.00	15.50
Second quarter:											
A	$21.00-23.00	$25.00	$23.00-24.00	$22.00-23.00	$22.00-24.00	$18.00	$17.50-18.00	$15.00-16.00	$14.00-15.00	$16.00-16.50	$12.50-13.00
B	17.00-19.00	.....	15.00-16.00	15.00-16.00	15.00-16.00	14.00	14.00-15.00	11.00-12.00	11.00-11.50	13.00-14.00	10.50-11.00
C	.....	.....	.....	.....	.....	21.00-23.00	20.00-22.00	17.50-20.00	15.00-17.00	15.75-17.00	15.00-15.50
Third quarter:											
A	$21.00-23.00	$24.00-25.00	$22.00-23.00	$22.00-23.00	$21.00-22.00	$17.00-18.00	$17.50-18.00	$16.00	$14.50-15.50	$12.00	$12.00
B	17.00-19.00	.....	15.00-16.00	15.00-16.00	15.00-16.00	14.00	14.00-15.00	12.00-13.00	11.50-12.50	10.00	10.00
C	.....	.....	.....	.....	.....	21.50	20.00-22.00	17.50-20.00	15.00-17.00	15.50	14.00-15.00
Fourth quarter:											
A	$21.00-23.00	$24.00-25.00	$22.00-23.00	23.00	$21.00-22.00	$17.50-18.00	$17.00	$16.00	$16.00-16.50	$12.00	$14.00
B	17.00-19.00	16.50-17.50	15.00-16.00	15.00-16.00	15.00-16.00	14.00-15.00	13.00-14.00	12.00-13.00	13.00-14.00	10.00	12.00
C	.....	.....	.....	.....	.....	20.00-22.00	20.00-22.00	17.50-20.00	15.75-17.00	15.50	18.00

Exhibit No. 14.—I. C. Enochs's testimony.

(Pg. 279, testimony.)

Exhibit of 50 cars carried by I. C. R. R. from Fernwood, Miss. in December, 1902, to show car performance on the I. C. R. R. in the period of "decreasing increase."

Car No.	Date of shipment.	Date of delivery.	Mileage.	Days on road.	Daily travel.	Car capacity.	Load
54252	December 10th....	Jan. 31.....	818	52	15.73	60,000	45,920
2618	8th....	" 3.....	702	26	27	40,000	37,000
557	16th....	Dec. 23.....	122	7	17.42	60,000	64,500
12944	16th....	" 23.....	122	7	17.42	.....	58,200
73260	18th....	" 22.....	122	4	30.50	.....	62,400
20186	18th....	" 27.....	122	9	13.55	60,000	52,600
1267	17th....	" 22.....	122	5	24.4	60,000	56,600
16378	23rd....	" 28.....	122	5	24.4	60,000	42,100
82805	23rd....	" 28.....	122	5	24.4	60,000	59,100
10564	20th....	" 27.....	122	7	17.42	60,000	38,800
10543	16th....	" 20.....	122	4	30.50	60,000	54,650
7326	1st.....	" 6.....	122	5	24.4	40,000	43,300
13117	12th	" 16.....	122	4	30.5	60,000	49,300
409	8th.....	" 19.....	122	11	11.9	40,000	39,800
10447	8th.....	" 19.....	122	11	11.9	60,000	49,600
95644	19th....	" 23.....	122	4	30.5	80,000	86,000
14148	19th....	" 25.....	122	6	20.33	40,000	44,000
82752	19th....	" 23.....	122	4	30.5	.....	59,500
26236	17th....	Jan. 2.....	254	16	15.87	40,000	39,500
4190	Dec. 22.....	Dec. 31.....	254	9	28.22	60,000	60,500
3482	" 23rd.....	Jan. 6.....	254	14	18.14	50,000	46,800
1143	" 22nd.....	" 15.....	619	24	25.81	60,000	45,500
8946	" 5th.....	Dec. 30.....	660	25	11.6	.....	35,000
22	" 4th.....	" 29.....	660	25	11.6	80,000	52,800
20095	" 23rd.....	Jan. 26.....	552	30	18.4	60,000	50,200
42442	" 10th.....	" 17.....	246	38	6.47	60,000	38,000
23278	" 11th.....	" 11.....	457	31	14.74	80,000	52,100
22397	" 5th.....	Dec. 16.....	657	11	59.73	80,000	51,900
15979	" 17th.....	Jan. 7.....	657	21	31.28	60,000	39,600
15400	" 18th.....	" 22.....	818	35	23.37	60,000	45,700
21465	" 3rd.....	Dec. 26.....	646	23	25.47	80,000	59,200
6595	" 20th.....	Jan. 6.....	657	17	38.64	50,000	35,800
21053	" 31.....	Jan. 13.....	517	13	39.76	80,000	46,200
10644	" 11.....	Dec. 24.....	568	13	43.69	60,000	49,200
15358	" 2nd.....	" 8.....	246	6	41	.....	56,000
22461	" 6th.....	" 23rd.....	646	17	38	50,000	64,400
42555	" 9th.....	Feb. 19.....	701	62	11.30	.....	46,300
3888	" 13th.....	Jan. 18.....	702	36	19.5	40,000	41,800
6361	" 3rd.....	Dec. 27.....	539	24	22.45	50,000	44,700
22214	" 11th.....	" 19.....	254	8	31.75	80,000	43,200
95121	" 24th.....	Feb 13.....	818	51	16.03	80,000	42,000
9898	" 20th.....	" 24.....	646	66	9.78	60,000	56,300
62483	" 18th.....	" 2.....	790	46	17.17	60,000	43,000
34442	" 15th.....	Jan. 8.....	390	24	16.25	.....	53,100
30023	" 9th.....	Dec. 26.....	602	17	35.41	60,000	46,400
92066	" 3rd.....	" 8.....	292	5	58.4	80,000	66,800
4486	" 1st.....	" 8.....	292	7	41.71	40,000	58,900
26170	" 8th.....	" 16.....	292	8	36.5	28,000	34,500
105	" 6th.....	" 13.....	292	7	41.71	60,000	51,700
30183	" 3rd.....	" 15.....	565	12	47.08	60,000	44,900
94941	" 3rd.....	" 12.....	657	9	73	80,000	59,400
			20,432	926		2,548,000	2,544,620

Car mileage, 20,432

" days 926 2,207 miles average per day on 51 cars.

Average car capacity on 44 cars 28.95 tons.

" " loading " 51 " 24.95 "

3 " short or 86.08 % of car capacity.

Exhibit No. 15.—Enochs's testimony.

(Pg. 281, testimony.)

Days on I. C. R. R., 374 25 cars.
" " Erie R. R., 86 8 "
" " M. C. R. R., 25 17 "
Miles on I. C. R. R., 19,082
" " Erie R. R., 5,051
" " M. C. R. R., 8,500
49 miles daily average travel on I. C. Railroad.
47 " " " " " Erie Railroad.
340 " " " " " Michigan Central Railroad.
Daily earning on I. C. Railroad, $7.11
" " " Erie R. R., 5.08
" " " M. C. R. R., 32.56
Average capacity of 25 cars, 34.20 tons
" haul " 25 " 26.56 "

7.64 " light, or 77.58 % of car capacity
Transportation interest, $4,138.57
Shippers net " 4,088.14

50.43 or $2.01 excess per car for R. R.

Exhibit of 25 cars shipped to Niagara Falls—Showing proportion of receipts by shipper and transportation co's—Car performance and earnings on initial and connecting lines.

Car No.	Date of shipment.	Date of transfer.	Time on I. C.	Miles traveled.	Date of delivery.	Miles & days on connection.		Whole mileage & time.		Car capacity & load.		Delivered value.	Freight portion.	Mill portion.
13822	Jan. 10	Jan. 17	7	790	Jan. 18	500	1	1,290	8	60,000	40,800	$228.25	$126.47	$101.78
30485	" "	" 22	11	790	" 23	500	1	1,290	12	60,000	36,800	230.87	114.07	106.80
15465	Apl. 17	Apl. 25	8	790	Apl. 28	500	3	1,290	11	60,000	38,400	217.47	119.05	98.42
91424	" 17	" 24	7	790	" 25	500	1	1,290	8	80,000	81,500	511.49	252.64	258.85
4442	May 2	May 13	11	790	May 16	500	3	1,290	14	80,000	60,300	423.52	186.93	236.59
95446	June 19	June 28	9	790	June 30	500	2	1,290	11	80,000	62,600	378.25	194.07	184.18
94198	" 27	July 5	8	790	July 6	500	1	1,290	9	80,000	52,200	322.64	168.32	154.32
71547	" 30	" 19	19	790	" 21	500	2	1,290	21	40,000	38,000	245.62	118.76	126.86
93525	July 2	" 15	13	619	" 25	723	10	1,328	23	80,000	57,000	341.88	183.54	158.35
94483	" 3	" 10	7	619	" 25	723	15	1,328	22	80,000	49,500	309.27	159.40	149.87
7120	" 8	" 19	11	619	Aug. 6	723	18	1,328	29	60,000	54,600	333.75	169.26	164.49
91241	Aug. 1	Aug. 11	10	790	" 12	500	1	1,290	11	80,000	67,000	418.12	207.70	210.42
88980	" 7	" 16	9	619	" 27	723	11	1,328	20	60,000	57,400	275.93	177.94	97.99
23835	" 19	" 25	6	790	" 26	500	1	1,290	7	40,000	39,625	271.76	122.92	148.84
94406	" 5	" 12	7	619	" 25	723	13	1,328	20	80,000	52,000	324.20	162.13	162.07
74069	" 7	" 28	21	619	Sept. 2	723	5	1,328	26	50,000	44,500	381.43	137.95	243.48
70528	" 9	" 27	18	619	" 3	723	7	1,328	25	40,000	37,900	231.26	117.49	113.77
91045	" 7	" 16	9	790	Aug. 17	500	1	1,290	10	80,000	56,400	361.44	175.36	186.08
80001	" 14	" 22	9	790	" 24	500	1	1,290	10	60,000	56,700	341.85	175.77	166.08
67327	Nov. 8	Nov. 19	11	790	Nov. 20	500	1	1,290	12	80,000	64,800	400.32	200.87	199.45
20461	" 19	Dec. 15	25	790	Dec. 15	500	1	1,290	26	60,000	32,500	255.60	100.76	154.84
91064	" 18	Nov. 28	10	790	Nov. 29	500	1	1,290	11	80,000	46,800	290.78	145.08	145.70
94405	" 26	Dec. 27	26	790	Dec. 24	500	2	1,290	28	80,000	55,100	334.22	170.80	163.42
94470	Dec. 20	Jan. 26	37	790	Jan. 28	500	2	1,290	39	80,000	59,000	367.50	182.90	184.60
66755	Dec. 25	Feb. 26	65	619	Mar. 5	723	7	1,328	72	80,000	86,900	522.70	269.39	253.31
			374	19,082			111		485	1,710,000	1,328,325	8,310.13	4,138.57	4,171.56

502A—06 M—40

I. C. Enochs.—Exhibit No. 16, Enochs' testimony.

(Pg. 282, testimony.)

Exhibit to show freight-car travel of I. C. cars in 1891–3 and loading of same, 31 cars.

Car No.	Date of shipment.	Date of delivery.	Time & miles traveled.		Weight of shipment.	Capacity of cars.
5250	July 2nd	July 8th	6	818	34,400	40,000
22141	Aug. 21st	Aug. 26th	5	818	35,100	40,000
18062	May 14th	May 18	4	818	33,400	30,000
21983	" 30	June 5	6	818	29,700	40,000
20518	June 10	" 15	5	818	36,100	40,000
24115	Sept. 3	Sept. 7	4	818	25,700	60,000
24092	July 5	July 11	6	818	24,000	60,000
23687	Mar. 24	Mar. 29	5	818	31,500	60,000
22367	Aug. 1	Aug. 6	5	818	34,640	40,000
22612	Feby. 28	Mar. 5	5	818	29,000	50,000
20382	" 23	Feby. 28	5	818	24,700	50,000
7053	" 23	Mar. 1	6	818	30,900	40,000
24028	Apr. 1	April 7	6	818	44,700	60,000
20909	" 8	" 14	6	818	39,100	40,000
22021	July 31	Aug. 5	5	818	30,200	40,000
7709	June 8	June 15	7	1,086	29,000	50,000
5776	Feby. 5	Feby. 12	7	1,086	33,300	40,000
4358	Nov. 11	Nov. 19	8	1,086	33,940	40,000
5595	Aug. 3	Aug. 10	7	1,002	32,000	40,000
4763	Mar. 28	June 3	6	1,002	42,900	40,000
7163	" 18	May 27	9	1,181	34,700	40,000
5490	Sept. 4	Sept. 11	7	1,181	33,400	40,000
4589	Nov. 1	Nov. 9	8	1,060	27,800	40,000
4554	Sept. 11	Sept. 19	8	1,005	28,010	40,000
3171	June 6	June 13	7	1,005	24,000	40,000
671	" 13	" 21	8	1,005	34,300	40,000
999	Aug. 21	Aug. 26	5	1,005	40,300	40,000
6800	July 21	July 29	6	1,215	47,200	40,000
6851	Aug. 9	Aug. 17	8	1,192	42,600	40,000
8500	" 7	" 15	8	1,192	39,400	40,000
852	" 8	" 18	10	1,192	30,150	40,000
23327	Sept. 4	Sept. 13	9	1,240	33,500	60,000
22778	" 9	" 19	10	1,240	39,100	40,000
6354	May 25	June 4	10	1,240	32,000	40,000
23413	June 27	July 6	9	1,240	25,500	40,000
23519	" 27	" 6	9	1,240	30,700	60,000
382	July 7	" 13	6	1,240	29,700	40,000
130	Dec. 21	Dec. 27	6	1,007	25,100	40,000
6715	Oct. 23	Oct. 29	6	1,007	30,900	40,000
2341	Aug. 16	Aug. 20	4	1,007	32,500	50,000
5	July 29	Aug. 4	6	1,007	26,400	40,000
			273	41,233	1,341,540	1,790,000

Car miles 41,233
" days 273 = 156 miles daily travel.

Aggregate car capacity 1,790,000=21.83 tons.
" " loading 1,341,500=16.42 "

5.41 " or 75% of car capacity

I. C. ENOCHS.—EXHIBIT No. 17, Enochs' testimony.

(Pg. 283, testimony.)

Exhibit to show car loading and revenue of 20 open cars lumber shipped from Fernwood, Miss., to the Chicago Cold Storage Company, Chicago, Ills., from 17th of March to the 14th of April, 1903.

24 CENT RATE.

Date.	Car number.	Capacity.	Weight.	No. feet.	Rate.	Freight.
Mch. 17	I. C. 93815	80,000	82,800	23,593	24¢	$198.72
18	" 81888	60,000	54,000	18,201	24	129.60
20	" 94288	80,000	88,000	23,600	24	211.20
21	" 90921	80,000	88,000	23,158	24	211.20
23	C. & M. V. 518	40,000	39,700	11,360	24	95.28
24	Sou. 61788	40,000	39,300	11,404	24	94.32
27	I. C. 94002	80,000	88,300	24,655	24	211.92
27	I. C. 92488	80,000	87,600	24,560	24	210.24
30	" 96007	80,000	82,300	22,840	24	197.52
30	" 92597	80,000	78,400	22,811	24	188.16
Apl. 1	" 85030	80,000	84,400	23,650	24	202.56
1	P. & W. 12259	50,000	54,000	15,640	24	129.60
1	I. C. 96567	100,000	100,400	27,588	24	240.96
2	" 91758	80,000	74,700	24,202	24	179.28
6	" 94457	80,000	84,400	24,168	24	202.54
7	" 91278	80,000	82,600	22,952	24	198.20
9	" 91459	80,000	86,600	25,840	24	207.84
10	" 94372	80,000	81,100	23,278	24	194.64
11	" 92905	80,000	81,100	24,794	24	194.64
14	" 91322	80,000	66,600	23,080	24	307.99
		1,490,000	1,524,300			3,658.26

Average car capacity, 37.25 tons.
" " loading, 38.16

.86 tons over car capacity, or 102%.
as to the cars loaded and 24% over average car capacity of I. C. cars of 1901-2 and 19% over car capacity of 1902-3.
Average revenue per car to Chicago on 24¢ rate, $182.91.
If 26¢ rate were used, average car earnings would have been increased $15.23 per car, or $198.14 per car.

I. C. ENOCHS.—EXHIBIT No. 18, Enochs' testimony.

(Pg. 288, testimony.)

Exhibit to show comparison of various commodities with yellow-pine lumber, cypress lumber, 15 cars, received at Jackson, Miss., in 1903.

Date.	Car number.	Weight.	Capacity.	Amt. of invoice.	Amt. of freight.	Rate.	Feet.
Mar. 31	Q. 11197	32,500	60,000	$227.50	$35.75	11¢	11,966
30	" 25654	33,300	28,000	270.15	36.63	11	10,226
30	I. C. 10760	42,300	60,000	265.58	46.53	11	14,187
30	" 2151	43,000	40,000	331.34	45.34	11	12,992
Apl. 10	" 11103	47,300	60,000	344.26	52.03	11	12,384
24	" 1061	34,900	40,000	349.00	33.39	11	11,131
July 21	T. P. 1180	40,100	40,000	472.46	76.19	19	15,135
27	P. R. R. 70581	39,500	not found	443.64	66.73	17	13,794
28	I. C. 22365	35,000	80,000	460.16	63.98	17	7,308
Aug. 4	" 21716	52,400	80,000	464.79	89.08	17	15,602
July 28	" 22301	56,100	80,000	525.64	95.37	17	17,014
Oct. 21	S. P. 18990	53,400	50,000	321.04	91.90	17	11,752
Nov. 30	C. & G. 26789	39,800	40,000	387.32	47.66	12	14,265
Dec. 30	C. N. O. & St. P. 37366	40,200	40,000	335.55	44.23	11	11,735
12	I. C. 10760	11,800	60,000	408.13	50.28	11	14,047
		595,100	738,000	$5,601.56			193,538

Average car capacity, 26.32 tons.
" loading " 21.25 "

5.07 " light, or 81.11% of car capacity.
Price per thousand feet, $28.75.
Proportion of freight on 26¢ rate, 24.54%.
" " " " 31¢ " 27.91%.

Oak, eight cars.

Date.	Car number.	Weight.	Capacity.	Invoice.	Freight.	Rate.	Feet.
Mar. 30	I. C. 1869	31,600	40,000	$451.79	$23.70	7.5¢	7,287
Apl. 3	V. S. P. 25240	51,600	50,000	883.89	36.12	"	12,627
June 17	I. C. 11799	45,400	60,000	530.15	31.78	"	10,000
Oct. 2	" 13407	36,350	60,000	332.55	36.42	8¢	7,645
Nov. 18	" 24931	50,000	80,000	631.42	45.02	9	19,306
25	" 32302	58,600	60,000	834.09	41.02	7	12,266
Apl. 30	M. & O. 6812	50,500	60,000	815.45	35.38	.....	11,992
Aug. 20	I. C. 24725	60,400	80,000	843.59	54.36	9	12,391
		384,450	490,000	$5,342.93	$304.78		83,717

Average car capacity, 30.62 tons.
Average car loading, 24.03 "
6.65 " light, or 78.47% of car capacity.
Proportion of freight on 20¢ rate, 16.21%.
Average price per thousand feet, $60.18.

Cypress shingles, 17 cars.

Date.	Car number.	Weight.	Capacity.	Invoice.	Freight.	Rate.
4/22	I. C. 26339	39,400	40,000	$223.60	$39.40	10¢
4/27	" 589	49,300	40,000	301.60	49.30	10
6/4	" 16151	50,700	60,000	314.60	50.70	10
6/20	" 3920	43,900	40,000	325.60	43.90	10
7/3	" 4114	43,200	40,000	327.60	43.20	10
8/27	" 39346	28,000	80,000	260.00	28.00	10
9/1	" 20289	49,500	60,000	314.60	49.50	10
9/18	" 36802	50,800	80,000	335.40	50.80	10
9/29	" 37933	41,400	80,000	260.00	41.40	10
10/8	" 13071	45,200	60,000	260.00	45.20	10
10/27	" 4888	35,300	40,000	265.00	35.30	10
11/6	" 42868	44,200	60,000	265.00	44.20	10
11/25	" 33761	32,000	80,000	171.10	54.40	17
"	" 23602	29,000	80,000	259.60	49.30	17
"	" 22539	29,000	80,000	259.60	49.30	17
12/7	" 22005	57,000	80,000	296.50	57.00	10
12/31	St. L. & W. 16242	49,700	60,000	246.45	49.70	10
		716,600	1,060,000			

Average car capacity, 31.17 tons
Average load, 21.06 "
10.11 " light, or 67.75% of car capacity.
Proportion to freight, 39.60

Sash weights, six cars.

	Car number.	Weight.	Capacity.	Invoice.	Freight.	Rate.
Jan. 14	So. Pac. 80706	43,810	80,000	$516.96	$78.84	.....
May 12	S. P. 81266	50,668	80,000	607.77	101.22	18¢
July 28	N. C. & St. L. 5634	35,000	60,000	430.76	73.50	21
31	" 895	41,100	60,000	514.25	86.31	21
Oct. 15	C., B. & Q. 56748	36,700	60,000	431.94	77.07	21
Nov. 9	C. N. O. 1177	46,600	60,000	509.56	97.86	21
		253,868	400,000	$3,071.24	$514.80	

Average car capacity, 33.34 tons
" car load, 21.16 " 11.18 tons short, or 63.38% of car capacity.
Proportion of freight on 26¢ rate, 20.50%.

Window glass, 9 cars.

Date.	Car number.	Weight.	Capacity.	Invoice.	Freight.	Rate.
Jan. 24	C., C., C. & St. L. 5888	54,900	60,000	$1,800.94	$208.02	.....
27	I. C. 17720	45,300	60,000	1,680.88	172.14	.....
28	P. R. R. 79571	31,400	50,000	1,042.05	122.42	39¢
30	W. L. 13065	61,200	80,000	2,083.78	232.56	38
June 13	B. & O. 57053	44,800	60,000	1,590.99	252.08	56
19	" 166046	45,300	60,000	1,376.13	253.68	56
31	" 67298	54,200	60,000	1,551.02	283.65	45
Nov. 25	I. C. 19338	24,000	60,000	342.71	84.00	40
Dec. 1	N. Y. C. 59683	36,400	60,000	968.63	188.55	48
		433,800	610,000	$13,663.59	$2,038.51	

Average car capacity, 31 tons
" " load, 21.69 "

9.31 " light, or 70% of car capacity.
Proportion of freight to value f. o. b. shipping point, 8.25%.

Exhibit to show loading of sundry commodities in 1903.—Cement, 20 cars.

	Car number.	Weight.	Capacity.	Invoice.	9 & 11 ¢ rate. Freight from N. O., 183 miles.	13 ¢ rate. Freight to Chicago, 923 miles.
Jan. 8	I. C. 17655	40,000	60,000	$205.00	$36.00	$52.00
6	" 837	40,000	40,000	205.00	36.00	52.00
Feb. 5	" 35445	40,000	80,000	231.00	36.00	52.00
Mch. 6	" 17909	42,750	60,000	97.50	.....	55.47
Feb. 24	U. P. 45144	36,000	40,000	168.00	.....	.....
Mar. 19	C. & O. 2872	40,000	50,000	200.00	44.00	52.00
Apl. 15	Sou. 31412	40,000	60,000	205.00	44.00	52.00
25	I. M. S. 7816	37,400	40,000	239.00	.....	.....
May 1	C., R. I. P. 53172	40,000	60,000	239.00	44.00	52.00
July 17	I. C. 39004	42,750	80,000	131.95	.....	.....
25	" 4604	40,000	40,000	120.00	44.00	52.00
23	" 7437	40,000	50,000	120.00	.....	.....
Sept. 4	" 37618	30,000	80,000	150.00	.....	.....
18	Wab. 60123	30,000	60,000	150.00	.....	.....
21	G. T. 8798	40,000	60,000	195.00	44.00	52.00
Oct. 28	C., B. & Q. 24120	30,000	60,000	150.00	.....	.....
21	" 7760	40,000	50,000	185.00	44.00	52.00
Nov. 30	N. P. 45594	31,800	40,000	168.00	.....	.....
30	I. C. 38528	40,000	80,000	150.00	44.00	52.00
Dec. 17	" 34177	60,000	80,000	277.50	66.00	78.00
		780,750	1,170,000			

Average car capacity, 29.25
Average car loading, 19.52

9.73 tons light, or 63.32% of car capacity.
Proportion of freight to value, f. o. b. shipping point, 37%.

Lime, 15 cars.

	Car number.		Weight.	Capacity.
Jan. 12	M. C. & St. L.	4829...	27,050	36,000
	L. & N.	2778...	24,000	65,000
Feb. 24	"	9227...	24,700	65,000
Aug. 7	"	5027...	24,700	40,000
Sept. 1	C. E. I.	61242...	30,000	60,000
4	L. & N.	6438...	25,000	60,000
14	"	15476...	24,500	60,000
23	C. E. I.	2888...	24,000	40,000
Oct. 8	C. & N. O.	1260...		
	L. & N.	6811...	24,000	60,000
23	L. & N.	7096...		
	Sou.	2333...	24,000	50,000
29	L. & N.	11598...	25,900	60,000
	"	4763...	24,400	65,000
	"	11326...	25,800	60,000
Nov. 24	"	1990...	25,600	65,000
	"	1873...	25,750	65,000
			379,400	846,000

Average car capacity. 28.36 tons.
" loading. 12.67 "

15.69 tons short, or 44.32% of car capacity.

Fertilizer to Fernwood, Miss., 27 cars (I. C. Enochs).

	Car number.		Weight.	Capacity.
Jan. 23	C., St. P., M. & O.	13410...	11,500	40,000
Mch. 6	I. C.	1382...	10,000	40,000
Feb. 10	"	10240...	60,000	60,000
Feb. 2	"	22183...	40,000	80,000
Mch. 4	"	4687...	30,000	40,000
Feb. 7	"	33997...	82,400	80,000
Feb. 25	"	13745...	55,700	60,000
Mch. 6	"	12534...	61,400	60,000
Jan. 23	"	19731...	30,000	60,000
Jan. 24	"	7815...	40,000	50,000
Jan. 26	T. & O. C.	3210...	30,000	40,000
Jan. 24	I. C.	1150...	30,000	40,000
Feb. 14	"	11307...	40,000	60,000
Mch. 4	"	33901...	40,000	80,000
24	Sou.	12278...	30,000	60,000
21	I. C.	21265...	39,700	80,000
Jan. 26	"	22432...	50,000	80,000
Feb. 14	"	22679...	40,000	80,000
Mch. 10	N. Y. C. & H. R. R.	57563...	40,000	60,000
23	C. & A.	15082...	40,000	60,000
Feb. 24	I. C.	6001...	42,500	50,000
Mch. 11	"	35851...	64,700	80,000
16	"	42319...	37,000	60,000
20	"	41409...	17,600	50,000
Feb. 16	"	16366...	40,000	60,000
28	"	17549...	41,000	60,000
Mch. 26	"	18326...	45,700	60,000
			1,089,200	1,630,000

Average car capacity. 30.18 tons.
" loading. 20.16 "

10.02 " short, or 66.79% of car capacity.

Live stock.

	Car capacity.	Load.	Freight.	Net value.
S. W. car 3934	40,000	19,980	$75.00	$500.94
" 32697	60,000	44,800	150.00	1,364.93
I. C. " 32482	60,000			
S. F. " 49024	60,000	51,000	150.00	1,944.37
Penn. 5322	60,000	22,400	75.00	683.99
" 32678				
	340,000	138,240	$450.00	$4,494.33

Proportion of car capacity used, 40.6%.
" of cargo value to freight, 10%.

I. C. Enochs' exhibit.—Cotton-seed hulls shipped to Fernwood, Miss., 38 cars.

	Car number.		Weight.	Capacity.	Delivered cost.	Freight.	F. o. b. cost.
Jan. 1	I. C.	10173	27,200	60,000	$59.64	$12.24	$47.60
1	"	21043	53,100	80,000	72.83	14.90	57.93
3	"	42192	31,600	50,000	69.52	14.22	55.30
6	"	20007	24,400	60,000	53.68	10.98	42.70
8	"	14702	26,700	60,000	58.74	12.01	46.75
9	"	7578	26,000	50,000	57.20	11.70	45.50
13	"	4637	38,000	40,000	61.60	12.60	49.00
15	"	42975	31,200	60,000	68.64	14.04	54.60
16	"	8339	27,000	50,000	59.40	12.15	47.25
18	"	26934	28,800	80,000	63.36	12.96	50.40
19	"	19837	25,100	60,000	55.22	11.29	43.93
21	"	19718	26,750	60,000	58.84	12.03	46.81
22	"	15269	22,900	60,000	50.80	10.80	40.08
24	"	15267	23,850	60,000	52.53	10.80	41.73
28	"	50637	24,100	40,000	53.03	10.85	42.18
Feb. 2	"	14285	23,900	60,000	52.59	10.76	41.83
4	"	18303	28,250	60,000	62.16	12.72	49.44
13	"	8451	25,300	50,000	55.66	11.38	44.28
13	"	22386	31,400	80,000	69.08	14.13	54.95
17	"	7937	25,700	50,000	111.76	22.86	80.90
26	"	15481	26,400	60,000	58.08	11.88	46.20
26	"	1274	22,700	40,000	50.53	10.80	39.72
27	Sou.	11299	29,400	60,000	64.68	13.23	51.45
Sept. 28	I. C.	34835	30,300	80,000	66.67	13.64	53.03
Oct. 6	"	4583	26,700	40,000	58.75	12.02	46.73
12	"	8828	23,000	50,000	51.05	10.80	40.25
19		2028	25,000	40,000	55.00	11.25	43.75
26	"	34089	31,400	80,000	69.08	14.13	54.95
Nov. 3	Pa. R. R.	18122	26,000	60,000	57.42	11.70	35.72
11	I. C.	3846	30,900	40,000	67.78		67.98
17	"	19225	26,800	60,000	58.96		58.96
Dec. 5	Wabash	65976	30,400	60,000	53.20	13.68	66.88
8	I. C.	37189	31,200	80,000	54.69	14.04	68.64
16	"	32200	32,700	80,000	57.23	14.71	71.94
17	"	10276	25,600	60,000	44.80	11.52	56.32
17	"	20885	34,200	80,000	59.85	15.39	75.24
22	"	34018	27,800	80,000	48.65	12.51	61.16
			1,047,400	2,280,000			

Average car capacity, 30 tons.
" loading, 13.78

16.22 tons short, or 45.93% of car capacity.

I. C. Enochs' exhibit on cotton-seed meal, car performance, value, % of freight, &c.

Car No.	Car capacity.	Car-load.	Mill value.	Freight.	Total cost.
I. C. 15341	60,000	30,000	$315	$13.50	$328.50
" 41268	50,000	30,000	315	13.50	328.50
" 18186	60,000	30,000	315	13.50	328.50
" 15853	60,000	30,000	315	13.50	328.50
N. & B. 12548	60,000	30,000	315	13.50	328.50
L. & W. 3417	40,000	30,000	311.25	13.50	324.75
17757	60,000	40,000	415.00	18.00	433.00
8 cars	450,000	250,000	$2,616.25	$112.50	$2,728.75

Load to capacity of cars = 55%; freight, 4% of delivered cost.

Coal shipped to Jackson.

I. C. car 92931	−72,000	−80,000	−$108.00	−$57.00	$50.40
83427	−52,100	−60,000	− 78.15	− 41.08	36.47
92229	−73,400	80,000	114.60	58.72	55.97
24044	−44,200	50,000	69.06	35.36	33.70
	241,700	270,000	369.90	193.36	176.54

Average car capacity, 35 tons
Loading, 30.21

4.79 short, or 86.31% of car capacity.

I. C. R. R., Sturgis, Ky., to Jackson, Mississippi.

Coal, 4 cars, load, 35 tons, yields per car, $48.34.
Lumber @ 21¢ rate, 11.5 " " " " 48.34.

Furniture.

M. & O. 9397	12,000	60,000
I. C. 29510	15,800	60,000
" 28303	12,000	60,000
	39,800	180,000

Average carload capacity, 30 tons
" " " 13.27 "

16.73 " short, or 44.23% car capacity.

I. C. Enochs' average car loading on 3 commodities listed above.

	Car.	Load.	Car capacity.	
Cypress lumber	17	595,100	738,000	
Oak "	8	384,450	460,000	
Cypress shingles	15	716,000	1,060,000	
Sash weights	6	253,868	400,000	63.38 pr. ct.
Window glass	9	433,800	610,000	70.00 " "
Cement	20	780,750	1,170,000	63.32 " "
Lime	15	379,400	846,000	44.32 " "
Fertilizer	27	1,089,200	1,630,000	66.79 " "
Cotton-seed meal	8	250,000	450,000	55.00 " "
Cotton-seed hulls	38	1,047,400	2,228,000	45.93 " "
Live stock	6	158,240	340,000	40.6 " "
Furniture	3	39,800	180,000	44.23 " "
Coal	4	241,700	270,000	89.5 " "
	178	6,349,908	10,412,000	

Average car capacity, 29.22 tons
" " " loading, 17.55

11.67 " short, or 60% of cars furnished.

Proportion of freight to f. o. b. value.

Cypress lumber	24.54%
Oak "	16.21 "
Cypress shingles	39.66 "
Sash weights	20.5 "
Window glass	8.25 "
Cement	37 "
Furniture est	10 "
Cotton-seed oil "	5 "
Cotton, compressed "	5 "
Live stock	10 "

EXHIBIT No. 18½, Enochs' testimony. (Pg. 290 testimony.)

I. C. Enochs' exhibit to show comparative performance and revenue on double-loaded lumber and live stock shipped to St. Louis, Mo.

LUMBER.

Car No.	Load.	Car capacity.	
July 21st, 1903.			
I. C. cars 85651		80,000	
71152		40,000	
93250	147,900 lbs., 73.99 tons	80,000	200,000 lbs.=100 tons, 74% of car capacity.
Freight bill, $295.80.			
July 25th.			
I. C. cars 83011		60,000	
83683	91,700=45.85 tons	60,000	200,000 lbs.=60 tons, or 76.41% car capacity.
Freight bill, $183.40.			
Aug. 28th.			
I. C. car 82324		60,000	
87375	903,000 lbs.=45.15 tons	60,000	120,000=60 tons=75.25% of car capacity.
Freight bills, $180.60.			

Live stock.

	Car capacity.	Load.	Freight.	Net value.
S. W. car 3934	40,000	19,980	875.00	$500.94
32697	40,000	44,800	150.00	1,304.93
I. C. car 32482	40,000			
S. F. 40024	40,000			
Penn. 5322	60,000	51,060	150.00	1,944.37
" 32678	60,000	22,400	75.00	683.99
	340,000	138,240	$450.00	$4,494.33

Proportion of car capacity used	40.6%	
" of cargo value to freight	10%	
Lumber earnings per car average	94.18	
Cattle " " " specific	75.	
Lumber excess over cattle earnings	19.18	per car

or 25.57% higher per car for lumber than live stock.

Single load comparison 60,000 lbs. box car (freight bill attached) with 60,000 lbs. stock car.

	Capacity.	Load.	Earned.
I. C. car 81632.....	60,000 lbs.	63,500	$127.00, which is $52.00 per car, or 69.33% over stock earning.

I. C. Enochs.—Comparison to show average earnings between cotton-seed oil and lumber.

Two cars shipped Oct. 17th & 27th Oct., 1902.

Average weight, 48,500 lbs. @ 25¢, $121.25.

Total cars shipped by Laurel Oil and Fertilizer Company in seasons of 1902–03, 22 cars, average weight, 52,630 lbs., if shipped to Chicago on 25¢ rate, gives average car earning of $131.57 or 2,894.54¢.

The same tonnage in lumber on a rate of 26¢, which is 4% higher than on cotton-seed oil, would give $3,557.28, or $663.04 in favor of lumber on 22 cars or half a train of lumber.

Compared with 20-car movement of lumber exhibited from Fernwood, Miss., on present rate, 198.14=119.52, we have $78.62, per car, or 64% higher earning for lumber on open car movement in 28 days, which is 50.59% higher earning for lumber than on this oil traffic.

Based on 50,200 lbs. average capacity of tank cars, and we have $125.50 maximum average car earning for tank cars to Chicago, Illinois.

I. C. Enochs. Exhibit to show maximum average capacity of oil tank cars, as shown by equipment of ten private car companies in this trade from yellow pine section, to wit:

Louisville Cotton Oil Co.....	50 cars	1,927,389 lbs.	
American " " "	563 "	29,371,740 "	
Swift & Co.....	186 "	6,442,322 "	
Kentucky Refining Co.....	160 "	7,419,950 "	
Southern Cotton Oil Co.....	169 "	13,293,767 "	
The Armour Car Lines.....	174 "	7,994,430 "	
Omaha Packing Co.....	16 "	480,000 "	
Cudahy Packing Co.....	20 "	838,993 "	
Globe Refining Co.....	114 "	5,121,250 "	
Eagle Cotton Oil Co.....	8 "	390,000 "	
	1,460 cars =	73,280,041	= 50,200 lbs. per car.

[Laurel Oil and Fertilizer Company.]

Shipments of C. S. oil, season 1902–1903.

Date.	Car initial & No.	Net weight.	Destination.
Sept. 18.....	P. & G. Co., 434	48,952	Ivorydale, Ohio.
Oct. 4.....	" 46	49,010	" "
Oct. 17.....	E. L. O. Co., 54	48,750	Chicago, Illinois.
27.....	" 68	48,250	" "
Nov. 6.....	A. C. O. Co., 195	54,720	Cincinnati, Ohio.
Nov. 6.....	" 116	56,760	" "
12.....	G. R. Co., 100	49,365	Louisville, Ky.
18.....	" 52	49,447	" "
Dec. 8.....	S. R. Co., 125	55,930	Gretna, La.
8.....	" " 130	54,630	" "
31.....	" " 75	55,560	" "
31.....	" " 85	54,960	" "
31.....	" " 50	46,780	" "
1903.			
Feb. 2.....	S. R. Co., 105	52,950	Gretna, La.
2.....	" 210	53,100	" "
Feb. 4.....	" 15	52,870	" "
5.....	" 235	48,300	" "
Apl. 8.....	A. C. O. Co., 268	58,117	Chicago, Ill.
8.....	" 564	56,347	" "
May 6.....	S. C. O. Co., 166	56,220	New Orleans, La.
6.....	" 117	61,230	" "
6.....	" 247	45,220	" "
		1,157,468	52,630 average.

I. C. Enochs. Exhibit to show comparative rates on compressed cotton and lumber and car revenue between Jackson, Mississippi, and sundry points in central traffic territory.

From Jackson, Miss—	Rates.	
	Cotton.	Lumber.
To Aurora, Indiana	50	26
" Dayton, Ohio	52	27.5
" Detroit, Michigan	55	30
" Dresden, Ohio	57	31
" Elkhart, Indiana	52.5	28
" Indianapolis, Ind	50	26
" Jeffersonville, Ind	45	23
" Madison, Indiana	51	27
" Richmond, Indiana	51	27
" Zanesville, Ohio	55.5	31
	519	296.5=175%

The average rate in cotton is 51.9¢; on lumber 29.65¢.
" " " " " " is 11.75¢ higher than in lumber.

Average loading Oct., 1903, by 9 R. R. lines and 17 interior compress points show 25,800 lbs., which is 40.23% of the box-car capacity of the I. C. R. R. in this year 1903, or 12.60 tons per car. Therefore, when a lumber car is loaded with 22.05 tons, or 44,100 lbs., it is earning the maximum average cotton earning from our section. Compared with our lumber loading of November, 1903, 52,000 lbs., it shows the proportion between cotton and lumber to be 100 for cotton, 117% for lumber in actual performance.

[Season 1903-1904.]

MISSISSIPPI VALLEY TERRITORY COTTON TARIFF.

MEMPHIS, TENN., *Nov. 28th, 1903.*

No. two. INTERIOR COMPRESS LOADING.

Memorandum of compress loading at the following stations for month of October, 1903, with loading during same time for the two preceding years.

Station.	Road.	1903. Average loading.		1902. Average loading.		1901. Average loading.	
		No. cars loaded.	Average No. bales per car.	No. cars loaded.	Average No. bales per car.	No. cars loaded.	Average No. bales per car.
Aberdeen, Miss.	K. C., M. & B. R. R.	49	47	22	49	21	48
" "	M. & O. R. R.	56	45	24	46	29	44
" "	I. C. R. R.	32	50	7	50	11	50
West Point, Miss.	I. C. R. R.	31	56	25	50	33	50
" " "	M. & O. R. R.	29	51	35	52	22	47
" " "	Sou. Ry.	12	50	15	58	21	46
Columbus, Miss.	M. & O. R. R.	121	49	86	47	30	50
"	Sou. Ry.	45	50	21	49	7	50
Meridian, Miss.	M. & O. R. R.	No report.	.....	88	48	103	48
"	A. G. S. R. R.	15	46	13	47	39	47
"	N. O. & N. E. R. R.	169	44	54	41	253	43
"	Sou. Ry.	No report.	.....	17	50	1	50
Winona, Miss.	I. C. R. R.	77	50	52	51	138	49
"	Sou. Ry.	14	52	21	50	29	49
Greenwood, Miss.	Y. & M. V. R. R.	56	49	87	54	61	53
"	Sou. Ry.	82	51	55	50	36	47
Greenville, Miss.	Sou. Ry.	35	53	32	52	35	52
"	Y. & M. V. R. R.	71	57	106	49	81	51
Vicksburg, Miss.	A. & V. Ry.	91	53	78	50	78	47
"	Y. & M. V. R. R.	39	46	26	48	52	49
Jackson, Miss.	I. C. R. R.	81	48	53	46	134	48
"	A. & V. Ry.	67	48	88	49	157	46
Holly Springs, Miss.	I. C. R. R.	65	54	75	48	9	55
" " "	K. C., M. & B. R. R.	49	50	79	49	15	50
Yazi City, Miss.	Y. & M. V. R. R.	215	48	126	46	145	48
Corinth, Miss.	M. & O. R. R.	No report.	.....	126	42	24	42
"	Sou. Ry.	25	51	5	45	14	46
Jackson, Tenn.	I. C. R. R.	20	50	30	49	16	47
"	M. & O. R. R.	42	49	43	49	16	48
"	N. C. & St. L. Ry.	11	48	12	50	2	38
Tuscaloosa, Ala.	M. & O. R. R.	32	50	13	50	40	48
"	A. G. S. R. R.	16	50	8	50	49	50
Sheffield, Ala.	Sou. Ry.	24	51	32	54	12	50
Decatur, Ala.	Sou. Ry.	27	51	78	49	45	48
Yazoo City (Sept.)	Y. & M. V. R. R.	30	43	.....	.....	.....	.....

This statement delayed waiting agents' reports.

(Signed) FRANK ANDERSON.

Memorandum of compress loading at the following stations for month of October, 1903, with loading during same time for the two preceding years.

	No. of cars loaded.	No. of bales.	Bales per car.
1903	1,728	88,963	51.4
1902	1,619	76,978	47.5
1901	1,753	84,076	47.9

Exhibit No. 20, Enochs' Testimony.

(Pg. 294 testimony.)

I. C. Enochs Exhibit W.—Exhibit to show the average value of steel rails in periods of five years at mills in Pennsylvania. Statistical abstract of the United States, 1902.

1902–1898:		
1902	28.00	
1901	27.33	
1900	32.29	
1899	28.12	
1898	17.62	
		132.36÷5=$26.57 average price.
1897–1893:		
1897	18.75	
1896	28.00	
1895	24.33	
1894	24.00	
1893	28.00	
		123.08÷5=$24.61 average price.
1892–1888:		
1892	30.00	
1891	29.92	
1890	31.75	
1889	29.25	
1888	29.83	
		150.75÷5=$30.15 average price.
1887–1883:		
1887	37.08	
1886	34.50	
1885	28.50	
1884	30.75	
1882	37.75	
		168.58÷5=$33.51 average price.

Exhibit No. 21, Enochs' testimony.

(Pg. 299 testimony.)

I. C. Enochs. Exhibit based on C. R. R. local lumber tariff No. 741, to show relative distances at which increases in rates are made and the amounts of such increases and the distance covered by them.

From New Orleans.

5 miles and under	3½¢	
10 " " "	4½	=1¢ for 5 miles of increase.
15 " " "	5	=1¢ for 10 miles "
20 " " "	5. 5¢	
25 " " "	6	
30 " " "	6. 5	
35 " " "	7	
40 " " "	7. 5	
45 " " "	8. 5	
50 " " "	9	=1¢ for 20 miles increase.
60 " " "	9. 5	
70 "	10	
80 "	10. 5	
90 "	11	
100 "	11. 5	
110 "	12	
120 "	12. 5	
130 "	13	
140 "	13. 5	
150 "	14	
160 "	14. 5	
170 "	15	
180 "	15	
190 "	16	
200 "	16	
210 "	16. 5	
220 "	16. 5	
230 "	17	
240 "	17. 5	
260 "	18	
280 "	19	=1¢ for 40 miles increase.
300 "	19	
320 "	19. 5	=½¢ to 320 and from 320 to 550 miles.
340 "	20. 5	
360 "	20. 5	
380 "	20. 5	
400 "	20. 5	
425 "	20. 5	
450 "	20. 5	
475 "	20. 5	
500 "	20. 5	
525 "	20. 5	
550 "	20. 5	

McComb to Chicago 818.36 miles.

320	miles at tariff..	19. 5
498	" or 3×½¢.	1. 5
230		

makes the rate from McComb to Chicago by 3 applications of last basis 230×½¢ 21¢.

McComb to Dubuque, Ia., 904 miles.

320	miles at tariff....	19. 5
904	or 4 steps at ½¢..	2 =21. 5
230		

McComb to Sioux Falls.

320	miles at tariff.....	19. 5
117	" " 5 steps of ½¢..	2. 5
		22. 5

I. C. Enochs' formula for Mr. Comptons' distance exhibit.

Cincinnati to Montgomery, Ala				604 miles
Louisville " " "				490 "
Evansville " " "				460 "
Mobile & Montgomery division, average 180 m.÷2=				90 miles
Alabama and Florida division, from Graceville to Montgomery, 159 miles ÷ 2=				79.5 "
South Alabama division, average to Montgomery				90 "
Cincinnati, distance—				
From Montgomery to Cincinnati	604	miles.	Miles.	
Add from M. & M. division	90	"	= 694	
" " A. & F. "	79.5		= 683.5	
"	90		= 694	2,071.5
Louisville, distance—				
From Montgomery to Louisville	490			
Add from M. & N. division	90		580	
" " A. & F. "	79.5		569.5	
" " South Alabama	90		580	1,729.5
Evansville—				
From Montgomery to Evansville	460			
Add from M. & M. division	90		550	
" " A. & F. "	79.5		569.5	
South Alabama	90		580	1,690.5
				5,491.5
Average distance				610.17

miles, or 15.78% shorter mileage.

Mr. Compton's basis of receipts, 523 miles, 15.78=6.05 mills.

I. C. Enochs' exhibit to show box car loading of yellow pine lumber.

[Freight bills attached. Eastern shipments.]

[Capacity required, 40,000 lbs.]

Car number	3312	Loaded	38,500 lbs.	40,000 lbs. car furnished.
" "	4207	"	45,600	40,000 " " "
" "	561	"	39,400	40,000 " " "
" "	3352	"	41,100	40,000 " " "
" "	3098	"	37,800	40,000 " " "
" "	1153	"	42,900	40,000 " " "
" "	4778	"	47,400	40,000 " " "
" "	963	"	37,800	40,000 " " "
" "	2967	"	48,800	40,000 " " "
" "	4509	"	62,900	40,000 " " "
	10 cars		442,200	400,000 or 110% of requisition.

[Capacity required, 60,000 lbs.]

Car number	6840	Loaded	59,600 lbs.
" "	42677	"	64,700
" "	15165	"	53,600
" "	42481	"	60,200
" "	32540	"	65,600
" "	26990	"	59,200
" "	21923	"	61,100
" "	34324	"	62,700
" "	26636	"	70,400
" "	39035	"	71,700
" "	22012	"	60,700
" "	37223	"	63,300
" "	38227	"	65,200
" "	24242	"	57,600
" "	30954	"	56,900
	15 cars		932,500 lbs. or 103% of requisition

I. C. Enochs' exhibit to show cubical capacity of box & furn. e cars.

I. C. R. R.—1902.

		Cubic feet.	Cubic feet.	Total cubic feet.
40,000 lbs. cars:				
1,242	"	1,800	2,235,600	
3,002	"	1,870	5,610,740	7,859,340
4,244				
50,000 lbs. cars:				
1,563	"	1,920	3,000,960	
885	"	1,872	1,656,720	4,657,680
2,448				
60,000 lb. cars:				
7,141		1,895	13,532,195	
497	"	1,954	961,138	
1,421	"	1,895	2,692,795	17,186,128
9,059				
80,000 lb. cars:				
4,943	"			12,317,956

No. of box cars.		Total cubic feet.		
4,844 " "	40,000 lbs.	7,859,340	average 1,849	cubic feet.
2,448 " "	50,000 "	4,657,080	" 1,902	" "
9,059 " "	60,000 "	17,186,128	" 1,897	" "
9,443 " "	80,000 "	12,317,956	" 2,492	" "
20,694 cars.		42,021,099	" 2,026	" "

FURNITURE CARS.

No. of cars.		Cubic feet.	
94	50,000 lbs.	2,580	243,020
93	60,000 "	2,676	284,868
67	60,000 "	3,182	213,194
315	60,000	3,476	1,094,940
98	60,000 "	3,307	334,086
199	60,000 "	4,117	819,282
866 cars.		2,953,391 or 3,400 cubic feet average.	

Average cubic measure of all I. C. R. R. box cars listed is 67% less than furniture cars.

M. & O. R. R. 1903—APPROXIMATE.

				Cubic feet per car.	Total cubic feet.	
30 & 40,000 lb. cars, 28' long, 134 cars have						241,334
40,000 lb cars	106	"	"	2,318	245,714	
	51	"	"	2,321	118,677	
	165	"	"	2,336	385,440	
	92	"	"	2,089	192,188	
	23	"	"	1,836	422,228	
	22	"	"	1,862	40,964	
	196	"	"	1,868	367,128	
	107	"	"	1,925	205,928	
	185	"	"	1,964	363,320	
	947					1,961,587
60,000 lb cars	280	"	"	1,702	467,560	
	880	"	"	1,809	1,642,520	
	890	"	"	1,950	1,345,500	
	1,850					3,464,580
	2,931	"	"			5,677,501
				Cubic feet.	Total cubic feet.	
Furniture cars	25	"	"	3,432	85,800	
	50	"	"	3,457	172,850	258,650

60,000 lb. cars have 84% less cubic capacity than furniture cars and 10.63% less than 40,000 lb. cars.

60,000 lb. cars have (average) of 1,872 cubic feet per car.
40,000 " " " " " 2,071 " " " "
30 & 40,000 " " " 1,801 " " " "

I. C. Enochs exhibit to show cubical cayacity of box & furniture cars—Continued.

L. & N. R. R. 1903.

	Cubic feet.	Total cubic feet.
2,221 box cars have	1,466	3,262,772
3,661 " " "	2,190	7,929,590
3,279 " " "	1,838	6,026,902
8,861 " " "		17,217,184

Average capacity of furniture cars owned is 3,540 cubic feet.
" " " " " over box cars is 81%.

I. C. Enochs' exhibit to show the gross earnings per mile of Louisville & Nashville R. R. north and south of Ohio River to 1899 to 1903, inclusive.

NORTH.

	Earnings.	Miles operated.	Per mile earnings.	Excess of.
Group 6:				
1902	$1,564,469.00	218	$7,176.46	.....
1901	1,441,739.00	208.74	6,906.86	.....
1900	1,310,378.00	208.74	6,277.08	.....
1899	1,207,926.00	208.74	5,787.22	.....

SOUTH.

Group 6:				
1902	$29,306,065.40	2,226.13	$9,083.96	$1,907.50
1901	26,757,374.00	3,116.29	8,588.32	1,679.46
1900	27,141,368.00	3,025.59	8,971.49	2,694.41
1899	23,069,591.00	2,939.20	7,848.93	2,061.76

In favor of group 5, or line south of Ohio River.

To show the amounts charged to operative expenses by the L. N. R. R. which was for betterment of property, therefore investment.

To June 30th, 1898	$517,284.59
" 1899	1,231,276.78
" 1900	1,021,843.06
" 1901	1,474,502.72
" 1902	1,487,279.19
" 1903	2,000,203.63
Total	$7,732,889.97

I. C. Enochs' exhibit to show the earnings north & south and the difference in gross earnings to the I. C. R. R. if the northern part of road had earned as much per mile as the part south of Ohio River. Earnings Table 3.

	Earnings.	Miles.	Per mile earnings.	Increase.
Group 5:				
1903	$16,193,850.00	1,374.71	$11,779.90	$1,218.80
1902	14,518,450.00	1,374.71	10,561.10	.....
1901	13,181,574.00	1,356.31	9,718.70	.....
1900	11,863,055.00	1,356.31	8,746.56	.....
1899	10,258,635.00	1,356.31	8,098.56	.....
Group 6:				
1903	$29,124,609.00	2,926.39	$9,952.33	$881.70
1902	26,389,931.10	2,909.19	9,070.54	.....
1901	26,731,651.00	2,909.19	9,188.69	.....
1900	20,748,912.00	2,639.55	7,860.39	.....
1899	20,478,171.00	2,322.43	8,817.56	.....

Excess south over north.

1903	$1,827.57
1902	1,490.56
1901	530.01
1900	886.17

Excess north over south.

1899	886.17

Changed from 886.17—in 1889 to 1,827.57 plus in 1903=2,713.74, or 30.77%.

	Per mile operated.	
South: Earnings from operation, $145,184.50; miles operated, 1,374.71	$10,566.79	
North: Earnings from operations, $263,379.31; miles operated, 2,909.19	9,070.54	
Whole No. of miles operated, 428,390; earnings south per mile, $10,566.79		$45,262,072.68
Whole No. of miles operated, 428,390; earnings per mile, north, $9,070.54		37,857,986.30
Difference to the I. C. R. R. between operating the whole mileage at the earning of southern lines		$7,404,086.38

Amount expended from income account of I. C. R. R. 1898 to 1903, inclusive, for betterments.

1898	$1,726,452
1899	1,475,040
1900	2,416,674
1901	3,145,400
1902	4,994,502
1903	4,981,253
Total in six years	$18,739,321

J. C. Enochs's tabulation, made at the request of Mr. Commissioner Prouty, showing advance of rates between 1889–1893, inclusive, and the present period.

1ST. TARIFF BETWEEN I. C. R. R. AND SEVERAL R. R'S COVERING SUNDRY STATIONS LISTED IN TARIFFS.

	Stations.	Old rate.	Prest. rate.	Advance.
Oct. 4, 1892, M. 54: I. C. R. R. with C. & N. W. R. R	64	26¢	26 to 29	3
Sept. 9, 1892, M. 30: I. C. & St. L. T. H. R. R	53	20¢	20 to 23¢	3
Mch. 3, 1892, M. 100: I. C. & C., C., C. & St. L. R. R	30	20¢	20 to 22½	2
Sept. 22, 1892, M. 42: I. C. & O. & M. R. R	42	22 & 23¢	24 to 26½	3
Aug. 19, 1889, L. 955: I. C. & connections	50	26¢	29	3
May 21, 1893, M. 253: I. C. & C. C. & St. L. R. R	27	23¢	24 & 26	3
Jany. 29, 1893: Supt. 6 to M. 9: I. C. & connections	30	30¢	30	3
Oct. 11, 1893, M. 81: I. C. & Wabash R. R., Toledo, Ohio, to Woodburn, Ind	14	26¢	30	4
			27	
New Haven, Ind., to Peru, Ind	25	25¢	29	4
			31	
Logans Port, Ind	1	25¢	27	3
Detroit, Mich., & other stations	45	24¢	30	6
	Willow Creek, Ind., & immediate stations to Detroit, Mich.			
Oct. 11th, 1892, M. 82: I. C. R. R. and Michigan Central & Wabash, Chester & Western R. R			28	4 &
	14	24¢	30	6
Aug. 24, 1892, L. 3571: I. C. R. R. & Minneapolis & St. L. R. R., C. M. & St. P. R. R	14	29	23	4
	37	29	30.5	4½
			33	to 4
			30	1 to
C. G. W. R. R	40	29	33	4
C. B. & N. R. R	37	29	.....	1½
				to 4
May 25, 1893, M. 258: I. C. R. R. & C. B. & E. R. R	10	24	.....	2
	533 stations.			

J. C. Enochs's tabulation, made at the request of Mr. Commissioner Prouty, showing advance of rates between 1889–1893, inclusive, and the present period—Continued.

SECOND. SHEET TARIFFS FOR INDIVIDUAL STATIONS.

Date.		Old rate.	Present rate.	Advance.
Feby. 20, 1893	M. 189, Litchfield, Ills	21	23	2
Feby. 16, 1893	M. 182, Terre Haute, Ind	21	24	3
Feby. 18, 1893	M. 182, Indianapolis, "	21	26	5
Jany 29, 1893	Supt. 5 to M. 54, Stillwater, Minn	29	33	4
Feby. 4, 1893	Supt. 11 to M. 95, Rock Valley, Ills	31.14	36	4.86
Jany. 28, 1893	Supt. 9 to M. 95, Sycamore, "	24	26	2
do	do Dekalb	24	26	2
Jany. 17, 1893	Supt. 6 to M. 95, Springgrove, Minn	34.5	36	1.5
20, 1893	M. 173, Dalton (Cook Co.), Ill	24	26	2
April 7, 1893	Supt. 2 to M. 42, Lebanon, Ills	22	24	2
Mar. 26, 1893	M. 212, Germantown "	24	24	2
May 15, 1893	M. 254, Olney "	22	24	2
Mar. 30, 1893	Supt. 1 to M. 100, Belle Centre, Ohio	27	30	3
Do. do	do Gas City, Ind	25	27	2
Mar. 30, 1893	M. 203, Martinsville, Ind	21	23	2
Apr. 12, 1893	M. 222, Columbus, O	25	30	5
Mar. 4, 1893	Supt. 13 to M. 95, Elizabeth, Ills	26	29	3
Oct. 17, 1893	M. 87, Cleveland, Ohio	28	31	3
May 25, 1893	Supt. 1 to M. 223, McLeansboro, Ills	22	24	2
Dec. 6, 1892	Supt. 1 to M. 54, Kingsly, Iowa	31	33	2
Aug. 24, 1892	L. 3550, Streaton, Ills	24	26	2
Mar. 2, "	" 3167, Leslie, Mich	28	30	2
" " "	" 3167, Warsaw, Ohio	28	31	3
Feby. 20, 1892	3158, Winona, Minn	29	30.5	1.5
Oct. 6, 1892	Supt. 1 to M. 42, Breese, Ills	22	24	2
Dec. 28, 1892	Supt. 3 to M. 9, Manor, Pa	30	33	3
Nov. 24, 1892	M. 126, Mt. Clemens, Mich	25	32	7
Oct. 7, 1892	M. 87, Cleveland, Ohio	28	31	3
Sept. 21, "	M. 40, Forest City, Ia	32	35	3
Mar. 16, 1893	M. 200, Bloomington, Ind	24	26	2
Mar. 16, 1893	M. 201, Albion, Mich	27	30	3
Mar. 14, 1893	Supt. 13 to M. 93, Elizabeth, Ill	26	29	3
Nov. 13, 1892	M. 128, Clarion, Iowa	31	33	2
Aug. 11, 1892	L. 3551, Eau Claire, Wis	29	33	4
Dec. 7, 1892	Supt. 2 to M. 54, Bancroft, Iowa	32.32	36	3.68
Nov. 2, 1892	Supt. 1 to M. 95, Fayette, Iowa	29	31.5	2.5
Nov. 27, "	Supt. 2 to M. 95, Greely, Iowa	29	31.5	2.5
Mar. 30, 1893	M. 214, Akron, Ohio	28	31	3

THIRD. COMPARISON OF I. C. R. R. TARIFF M. 24, EFFECTIVE SEPT. 29TH, 1892.

[With I. C. Tariff B—8110—effective April 15th, 1903, 17 stations out of 403 then listed.]

	Present rate.	Old rate.	Advance.
Dugoin, Illinois	21	18¼	2.75
Odin, "	23.6	20	3.6
Clinton, "	26	23	3
Sandoval, "	23.7	20	3.7
Centralia, "	23	20	3
Springfield, "	23	25	2
Rockford, "	26	24	2
Dubuque, Iowa	29	26	3
Madison, Wisconsin	29	26	3
Blanchardville, Iowa	29	26	3
Sioux City, Iowa	32.5	27	5.5
Webster City, "	33	27	6
Charles " "	33	27	6
Le-Mars, "	35	27	8
Cherokee, "	35	27	8
Sheldon, "	35	27	8
Rock Rapids, "	35	27	8

EXHIBIT NO. 25.—ENOCHS' TESTIMONY.

(Pg. 301 testimony.)

[Extract from Annual Report L. & N. R. R., year ending June 30, 1903.]

GROWTH OF TRAFFIC.

The growth of traffic for the past ten years is shown by the following table:

Years.	Average miles operated.	Gross earnings.	Operating expenses.	Net earnings.	Gross earnings per mile.	Operating expenses per mile.	Net earnings per mile.	Per-centage of expenses to earnings.
1893-1894..	2,955.98	$18,974,336.93	$11,863,784.87	$7,110,552.06	$6,418.97	$4,013.48	$2,405.49	62.53
1894-1895..	2,955.98	19,275,993.79	12,277,773.03	6,998,220.76	6,521.01	4,153.53	2,367.48	63.69
1895-1896..	2,965.09	20,390,711.47	13,505,206.22	6,885,505.25	6,877.14	4,554.88	2,322.26	66.23
1896-1897..	2,980.93	20,372,307.65	13,849,218.04	6,523,089.61	6,834.22	4,645.95	2,188.27	67.98
1897-1898..	2,988.00	21,996,652.82	14,921,730.14	7,074,922.68	7,361.66	4,993.88	2,367.78	67.84
1898-1899..	2,988.16	23,759,485.69	15,731,587.68	8,027,898.01	7,951.21	5,264.64	2,686.57	66.21
1899-1900..	3,007.35	27,742,378.89	18,603,406.02	9,138,972.87	9,224.85	6,185.97	3,038.88	67.06
1900-1901..	3,169.27	*28,022,206.90	*18,233,033.50	9,789,173.40	*8,841.84	*5,753.07	3,088.77	65.07
1901-1902..	3,326.75	*30,712,257.37	*20,902,437.84	9,809,819.53	*9,231.91	*6,283.14	2,948.77	68.06
1902-1903..	3,438.93	*35,449,377.84	*23,970,812.44	11,478,565.40	*10,308.26	*6,970.43	3,337.83	67.62

* Freight on company's property not included.

Passenger and freight statistics—totals and averages for the year 1902-1903 compared with the previous year.

No.	Passenger traffic.	1902-1903.	1901-1902.	Percentage of— Increase.	Percentage of— Decrease.	No.
	Mileage of road operated[a]	3,438.93	3,326.75	3.3720		
1	Number of miles run by revenue trains.[b]	6,237,141	6,042,402	3.2229		1
2	Number of miles run by cars	33,926,473	32,475,930	4.4665		2
3	Number of cars in each train	4.93	4.87	1.2330		3
4	Number of passengers carried	7,863,650	7,197,018	9.2626		4
5	Number of miles each passenger was carried.	37.20	36.60	1.6393		5
6	Number of passengers carried one mile.	292,288,632	263,429,527	10.9552		6
7	Number of passengers carried in each train.	42.46	39.54	7.3849		7
8	Number of passengers carried in each car.	12.06	11.37	6.0686		8
9	Earnings from passenger trains[c]	$8,555,353.08	$7,644,717.64	11.9120		9
10	Expenses of passenger trains	$5,490,089.84	$5,141,784.96	6.7740		10
11	Net earnings from passenger trains.	$3,065,263.24	$2,502,932.68	22.4669		11
12	Earnings per mile of road	$2,487.79	$2,297.95	8.2613		12
13	Expenses per mile of road	$1,596.45	$1,545.59	3.2907		13
14	Net earnings per mile of road	$891.34	$752.36	18.4725		14
15	Earnings per revenue train mile, cents.	124.290	114.756	8.3081		15
16	Expenses per revenue train mile, cents.	79.759	77.184	3.3362		16
17	Net earnings per revenue train mile, cents.	44.531	37.572	18.5218		17
18	Earnings per car mile, cents	25.217	23.539	7.1286		18
19	Expenses per car mile, cents	16.182	15.832	2.2107		19
20	Net earnings per car mile, cents	9.035	7.707	17.2310		20
21	Earnings per passenger, cents[d]	87.91	84.72	3.7653		21
22	Earnings per passenger per mile, cents.	2.37	2.32	2.1552		22
23	Percentage of expenses to passenger earnings.	64.17	67.26		4.5941	23

[a] Mileage of road operated shows average length operated during each fiscal year.
[b] Miles run by mixed revenue trains have been added to passenger train mileage in arriving at results of passenger traffic.
[c] Includes mail, express, excess baggage, and train privileges.
[d] Excludes mail, express, excess baggage, and train privileges.

Passenger and freight statistics—totals and averages for the year 1902–1903 compared with the previous year—Continued.

No.	Passenger traffic.	1902–1903.	1901–1902.	Percentage of—		No.
				Increase.	Decrease.	
	FREIGHT TRAFFIC.					
24	Number of miles run by revenue trains[a]	14,102,967	12,688,689	11.1400		24
25	Number of miles run by mixed revenue trains[a]	646,235	619,287	4.3515		25
26	Number of miles run by cars, loaded.	202,551,644	186,027,534	8.8826		26
27	Number of miles run by cars, empty.	90,564,811	81,306,438	11.3870		27
28	Number of miles run by cars, loaded and empty.	293,116,455	267,333,972	9.6443		28
29	Number of cars loaded in each train.	13.73	13.98		1.7883	29
30	Number of cars empty in each train.	6.14	6.11	.4910		30
31	Number of cars loaded and empty in each train.	19.87	20.09		1.0951	31
32	Percentage of loaded car mileage to total car mileage.	69.10	69.59		.7041	32
33	Percentage of empty car mileage to total car mileage.	30.90	30.41	1.6113		33
34	Number of tons carried	20,677,856	18,320,972	12.8644		34
35	Number of tons carried one mile.	3,413,321,406	3,072,503,736	11.0925		35
36	Number of miles each ton was carried.	165	168		1.7857	36
37	Number of tons in each train.	231.42	230.88	.2339		37
38	Number of tons in each loaded car.	16.85	16.52	1.9976		38
39	Number of tons in each loaded and empty car.	11.64	11.49	1.3055		39
40	Earnings from freight revenue trains	$26,578,620.57	$22,772,175.67	16.7153		40
41	Expenses of freight revenue trains.	$18,480,722.60	$15,760,652.88	17.2586		41
42	Net earnings from freight revenue trains.	$8,097,897.97	$7,011,522.79	15.4941		42
43	Earnings per mile of road	$7,728.74	$6,845.17	12.9079		43
44	Expenses per mile of road	$5,373.97	$4,737.55	13.4335		44
45	Net earnings per mile of road.	$2,354.77	$2,107.62	11.7265		45
46	Earnings per revenue train mile, cents.	180.204	171.117	5.3104		46
47	Expenses per revenue train mile, cents.	125.300	118.430	5.8009		47
48	Net earnings per revenue train mile, cents.	54.904	52.687	4.2979		48
49	Earnings per car mile, cents.	9.068	8.518	6.4569		49
50	Expenses per car mile, cents.	6.305	5.895	6.9550		50
51	Net earnings per car mile, cents.	2.763	2.623	5.3374		51
52	Earnings per ton, cents.	128.536	124.295	3.4120		52
53	Expenses per ton, cents.	89.374	86.025	3.8931		53
54	Net earnings per ton, cents.	39.162	38.270	2.3308		54
55	Earnings per ton per mile, cents.	.779	.741	5.1282		55
56	Expenses per ton per mile, cents.	.542	.513	5.6530		56
57	Net earnings per ton per mile, cents.	.237	.228	3.9474		57
58	Percentage of expenses to freight earnings.	69.53	69.21	.4624		58
59	Gross earnings per mile of road—pass., frt., and misc.	$10,308.26	$9,231.91	11.6590		59
60	Operating expenses per mile of road.	$6,970.43	$6,283.14	10.9386		60
61	Net earnings per mile of road.	$3,337.83	$2,948.77	13.1943		61

[a] Miles run by mixed revenue trains have been added to freight train mileage in arriving at results of freight traffic.

EXHIBITS FILED BY G. S. GARDINER.

EXHIBIT 4 to Gardiner's testimony.

Recapitulation and summary of reports of Yellow Pine Clearing House for 1902.

States.	Av'g No. mills report'g.	New England States.	New York.	Pennsylvania and N. Jersey.	Michigan.	Ohio.	Indiana.	Illinois.	Iowa.	Minnesota.	Wisconsin.	Missouri.	Kansas.
Missouri	7	574,500	31,835	110,584	1,144,503	2,643,699	18,378,962	28,443,787	4,489,790	49,045	127,379	59,900,472	28,108,736
Arkansas	39	3,844,712	545,912	2,637,027	10,055,078	24,904,319	24,119,655	56,296,019	16,971,175	1,735,501	5,496,804	67,529,581	58,628,788
Texas	38	.....	.....	122,041	1,560,612	31,138	3,006,095	6,324,350	4,913,077	35,676	877,911	20,138,509	22,913,716
Louisiana	39	331,433	990,242	716,256	7,567,452	9,471,365	18,128,628	49,738,812	24,879,520	1,196,251	6,364,388	74,088,058	63,628,148
Mississippi	26	3,483,137	4,487,590	7,306,377	7,141,062	29,039,815	31,210,053	65,964,449	4,415,974	1,434,677	1,819,211	12,003,043	3,881,134
Alabama	18	2,326,987	3,808,047	4,118,039	4,184,432	20,000,149	9,253,794	13,685,089	606,356	178,053	551,879	1,614,996	.....
Georgia and Florida	9	3,010,756	1,542,406	6,100,358	2,175,518	4,443,135	5,080,710	4,520,503	.....	.....	75,309	50,321	.....
Total	176	13,571,525	11,496,032	21,111,182	33,828,657	90,533,620	109,177,897	224,973,909	56,275,892	4,629,293	15,312,881	235,324,980	177,160,522

States.	Nebraska.	Colorado and South Dakota.	Indian Ty. and Oklahoma Ty.	Texas.	Tennessee and Kentucky.	New Mexico. *Mexico.	Not specified.	Local. (In State mfd.)	Export.	Total shipments.	Total cut.	Stock 1-1-03 182 mills.
Missouri	15,319,701	607,255	7,041,785	14,528	.....	.....	15,543,010	7,198,666	.....	189,728,237	200,291,774	69,941,941
Arkansas	27,274,886	8,481,546	49,698,797	8,796,015	2,351,575	1,672,208	67,076,774	33,655,993	802,190	472,574,645	478,880,698	143,843,601
Texas	11,763,547	4,174,124	44,308,742	208,938,868	.....	19,080,043	175,535,061	25,444,617	27,327,361	576,504,988	566,424,519	181,215,584
Louisiana	29,310,795	10,530,282	50,347,799	104,742,976	8,563,143	6,128,891	95,743,198	50,966,954	10,782,831	624,217,422	653,464,801	170,511,745
Mississippi	3,451,709	554,383	949,643	264,000	32,123,912	826,904	109,254,054	48,349,713	47,984,066	415,944,906	436,287,840	83,258,765
Alabama	.....	32,920	919,558	639,683	8,655,856	46,400	17,343,520	40,007,091	51,334,250	179,307,099	184,126,997	23,700,235
Georgia and Florida	.....	.....	.....	.....	5,906,059	.....	19,381,565	21,332,710	66,483,869	140,103,219	153,180,488	8,308,910
Total	87,120,638	24,380,510	153,266,324	323,396,070	57,600,545	27,763,446	499,877,182	226,955,744	204,714,567	2,598,470,516	2,672,657,117	680,780,781

Exhibit 5 to Gardiner's testimony.

Report of Yellow Pine Clearing House for January, 1908.

States.	Av'g No. mills report'g.	New England States.	New York	Pennsylvania and N. Jersey.	Michigan.	Ohio.	Indiana.	Illinois.	Iowa.	Minnesota.	Wisconsin.	Missouri.	Kansas.
Missouri	6			16,311	13,103	26,206	766,761	1,777,186	671,395		47,654	5,176,900	1,784,243
Arkansas	41	309,600	33,000	308,153	788,571	2,819,280	2,301,289	5,258,677	1,248,957	118,917	210,467	6,212,128	3,527,287
Texas	48			162,837		202,913	154,864	958,114	1,922,030	40,088	53,756	1,257,647	3,715,935
Louisiana	50	114,140	91,269	261,081	1,021,711	1,398,833	1,430,971	6,388,728	1,894,203	83,901	519,135	8,921,365	7,282,860
Mississippi	30	432,801	478,780	854,232	1,153,469	3,171,859	3,094,727	8,244,465	1,161,313	486,904	967,029	2,778,769	2,341,891
Alabama	17	299,501	264,812	313,924	197,993	1,158,210	625,503	1,693,403			76,485	65,438	
Georgia and Florida	10	127,586	33,568	367,233	160,740	915,323	899,536	1,293,794			22,826		
Total	202	1,272,718	901,369	2,483,701	3,333,487	9,692,814	9,273,721	25,611,377	6,840,298	729,788	1,947,372	24,513,253	18,651,926

State.	Nebraska.	Colorado and South Dakota.	Indian Ty. and Oklahoma Ty.	Texas.	Tennessee and Kentucky.	New Mexico. *Mexico	Not specified.	Local. (In State mfd.)	Export.	Total shipments.	Total cut.	Stock 1-1-03 182 mills.
Missouri	1,801,517		1,165,775		229,921		1,152,600	62,567		14,402,608	15,176,592	
Arkansas	1,441,630	250,398	4,355,670	894,765		32,613	7,189,502	3,940,968		41,168,861	40,907,078	
Texas	1,303,210	534,652	4,528,571	20,169,338		207,699	16,619,932	162,986	2,546,214	55,253,994	51,427,296	
Louisiana	2,149,182	707,962	6,784,895	9,118,406	613,843	*715,260 246,261 *804,284	7,730,840	5,294,283	1,292,952	64,401,265	66,031,617	
Mississippi	855,711	184,716	28,080	16,154	3,878,435		5,518,829	5,286,247	5,479,298	46,379,398	49,029,534	
Alabama					1,843,629		2,212,817	4,334,818	7,921,202	20,394,803	20,531,274	
Georgia and Florida					1,069,697		2,961,180	1,835,579	3,087,017	12,974,019	14,516,909	
Total	7,551,250	1,677,718	16,861,991	29,881,663	7,635,555	628,543 *1,609,544	43,405,100	20,917,448	20,316,742	255,034,568	256,620,589	

Exhibit 6 to Gardiner's testimony.

Report of Yellow Pine Clearing House for February, 1903.

States.	No. mills report'g.	New England States.	New York	Pennsylvania and N. Jersey.	W. Va. and Maryland.	Michigan.	Ohio.	Indiana.	Illinois.	Iowa.	Minnesota.	Wisconsin.	Missouri.
Missouri	5	.....	.....	.....	.....	15,019	98,495	401,126	703,588	47,234	.....	65,666	2,955,743
Arkansas	46	401,700	.....	451,217	18,768	514,306	2,187,855	2,593,850	4,366,391	1,915,339	287,641	699,402	5,230,201
Texas	50	.....	.....	103,770	.....	.....	21,168	185,496	2,182,180	1,652,688	.....	40,350	2,272,144
Louisiana	50	52,728	20,007	335,632	.....	732,245	1,465,257	1,517,199	5,382,103	1,531,838	167,128	455,971	7,270,307
Mississippi	32	241,830	332,980	1,378,626	84,937	1,232,536	2,706,244	3,002,636	8,391,377	838,456	442,124	900,341	4,606,140
Alabama	25	426,410	1,213,750	795,431	82,904	371,138	1,917,678	674,404	948,205	.....	.....	36,330	78,208
Georgia and Florida	6	255,000	13,077	173,195	362,059	109,790	771,435	732,258	284,602	.....	.....	.....	.....
Total	214	1,377,668	1,598,814	3,237,871	548,668	2,975,034	9,168,132	9,108,269	22,238,446	5,985,355	896,893	2,197,110	22,382,973

States.	Kansas.	Nebraska.	Colorado and South Dakota.	Indian Ty. and Oklahoma Ty.	Texas.	Tennessee and Kentucky.	New Mexico and Arizona.	Local. (Into State mill.)	Export. Mexico.	Not specified.	Total shipments.	Total cut.
Missouri	537,276	345,085	.....	226,169	.....	.....	.....	.....	.....	2,167,149	7,572,530	9,522,525
Arkansas	2,783,310	699,428	242,863	2,392,223	170,181	278,445	15,230	2,738,804	.....	5,253,774	33,708,988	30,992,502
Texas	3,029,666	1,773,686	82,164	3,794,815	14,851,242	.....	860,799	.....	*831,645	13,678,228	68,133,803	64,490,617
Louisiana	6,441,308	2,876,143	1,084,427	5,296,488	7,650,788	628,891	172,571	3,581,867	2,784,964	8,301,339	56,276,473	51,336,160
Mississippi	3,068,927	871,759	289,072	139,536	15,000	4,617,678	.....	4,154,031	*336,456	6,920,897	48,806,016	69,434,888
Alabama	.....	.....	.....	.....	.....	1,561,498	.....	4,134,399	756,569	1,248,000	20,541,515	18,203,552
Georgia and Florida	.....	.....	.....	.....	.....	912,314	.....	864,739	4,661,429	188,503	7,172,484	9,842,963
Total	15,860,687	6,556,681	1,698,526	11,859,291	22,687,211	7,998,816	1,048,600	15,473,840	2,525,512	38,457,869	222,301,939	214,124,686
									*1,168,101			
									17,781,494			

10 no cut. 7 no shipments.

Exhibit 7 to Gardiner's testimony.

Report of Yellow Pine Clearing House for March, 1903.

States.	No. mills report'g.	New England States.	New York	Pennsylvania and N. Jersey.	W. Va. and Maryland.	Michigan.	Ohio.	Indiana.	Illinois.	Iowa.	Minnesota.	Wisconsin.	Missouri.
Missouri	6					84,816	31,246	1,006,705	2,048,146	154,102		131,819	5,517,829
Arkansas	42	674,000	20,110	300,587		892,668	2,779,971	2,697,633	5,349,715	1,747,122	121,502	694,415	5,508,202
Texas	44		185,972	301,922		109,710	17,040	481,012	2,733,525	1,356,056	17,600	65,430	4,127,339
Louisiana	50	15,020	78,944	252,580		1,153,882	1,840,686	2,580,549	6,217,279	2,918,409	393,125	586,514	8,702,588
Mississippi	30	240,291	576,858	308,132	43,688	1,188,622	3,459,646	2,419,753	5,176,269	617,224	164,538	398,465	1,852,296
Alabama	21	584,120	913,878	731,405	15,000	192,330	1,517,580	851,649	1,225,825	53,811			43,782
Georgia and Florida	10	699,011	148,147	836,712	389,672	201,450	1,696,370	1,029,308	846,791			15,022	
Total	203	2,352,442	1,923,909	2,911,338	448,360	3,823,468	10,713,189	10,466,670	23,597,552	6,826,724	696,855	1,491,655	25,752,616

States.	Kansas.	Nebraska.	Colorado and South Dakota.	Indian Ty. and Oklahoma Ty.	Texas.	Tennessee and Kentucky.	New Mexico and *Arizona.	Local. (Into State mfd.)	Export. *Mexico.	Not specified.	Total shipments.	Total cut.
Missouri	1,661,630	1,156,511	38,758	153,494		17,970				3,865,955	15,868,444	13,815,699
Arkansas	3,791,748	1,476,414	214,863	2,454,686	199,222	263,606	*54,620	2,737,613	*50,126	7,172,561	38,681,586	37,693,240
Texas	4,280,631	2,631,949	194,697	3,665,061	16,643,227	871,612	*1,247,052		*1,092,233	1,893,396	10,569,875	52,541,333
Louisiana	5,627,747	3,421,555	1,689,334	3,894,187	6,517,298	1,153,592	175,973 318,809	3,859,922	*318,809 915,147	9,948,629	62,394,505	52,663,458
Mississippi	399,616	406,230	39,517	297,943	55,270	3,492,858		3,372,184	3,398,690	9,319,182	37,674,662	32,128,833
Alabama						1,859,716		†674,264	3,808,988	834,427	16,286,745	16,990,921
Georgia and Florida						862,525		991,044	5,285,435	3,106,472	14,987,959	14,756,655
Total	15,667,772	9,692,659	2,157,569	10,375,371	23,415,017	8,551,969	6,766,454	†54,927	16,762,394	44,847,101	237,435,232	220,355,879

8 no cut. 7 not running.

[†Copy mutilated.]

Exhibit No. 8 to Gardiner's testimony.

Report of Yellow Pine Clearing House for April, 1903.

States.	No. mills rep'g.	New England States.		New York.		Pennsylvania and New Jersey.		West Virginia and Maryland.		Michigan.		Ohio.		Indiana.		Illinois.		Iowa.		Minnesota.		Wisconsin.		Missouri.	
		No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.
Missiouri	6					4	67,467			2	33,734	6	98,653	82	1,434,040	188	3,175,146	247	4,328,168			7	102,647	370	6,184,822
Arkansas	36	25	490,000	5	101,126	26	456,949	4	80,000	62	1,076,612	213	3,728,896	205	3,459,868	372	6,472,105	96	1,717,649	8	130,852	20	356,483	407	6,772,757
Texas	42			34	662,433	4	79,343			14	183,921	17	289,611	32	525,658	138	2,093,639	97	1,579,648	3	36,208	6	87,864	284	4,689,210
Louisiana	45	7	114,204	8	129,702	22	373,562			81	1,343,589	90	1,543,790	179	3,163,041	567	8,194,650	103	1,918,707	10	186,628	18	281,186	708	11,228,741
Mississippi	30	19	328,601	8	153,309	35	504,311	2	39,506	72	1,023,219	231	3,691,077	133	2,245,343	575	7,716,361	73	1,394,378	11	193,737	6	81,324	83	1,479,435
Alabama	20	19	330,749	28	496,923	15	248,068	1	16,000	11	178,191	116	1,860,655	90	1,373,415	71	1,236,533					2	35,612	3	54,718
Georgia & Florida	9	19	350,276	4	46,817	38	621,455	22	285,174	7	145,630	31	442,999	40	598,448	57	818,545					2	35,122		
Total	188	89	1,603,230	87	1,530,310	144	2,451,095	29	420,768	249	3,984,886	704	11,654,359	761	12,799,813	1,908	29,705,779	616	10,745,948	32	547,425	61	980,230	1,855	30,406,683

States.	Kansas.		Nebraska.		Colorado and South Dakota.		Indian Ty. and Oklahoma Ty.		Texas.		Tennessee and Kentucky.		New Mexico and Arizona.		Local. (Into State mfd.)		Export. *Mexico.		Not specified.		Total shipments.		Total cut.
	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	
Mo.	168	2,837,400	100	1,665,265	3	33,661	31	455,085							4	75,675			84	1,336,069	1,296	21,824,663	16,272,662
Ark.	213	3,737,622	95	1,722,768	15	247,453	150	2,738,714	30	533,371	42	614,497			197	3,334,439	1	13,136	699	7,967,406	2,675	45,752,703	44,975,394
																	*99	476,359					
Tex.	210	5,463,671	169	2,804,025	81	1,108,673	295	4,879,661	1470	22,801,817			*23	346,733									
													28	457,940	21	304,904	112	1,865,185	1,321	21,601,223	4,546	72,276,546	77,041,990
La.	396	6,989,261	197	3,359,833	57	940,301	297	5,773,658	543	7,856,589	51	921,546	3	46,088	259	3,921,045	*21	257,994	525	8,618,700	4,132	67,685,022	60,094,345
																	50	622,827					
Miss.	7	123,184	14	235,006	4	72,419	2	34,877			222	3,694,747			253	3,759,898	192	2,696,147	445	7,608,718	2,387	36,384,994	33,881,978
Ala.											79	1,361,400			241	3,323,619	586	7,780,776	2	19,000	1,264	18,311,067	19,410,602
Ga. and Fla.											20	515,335			94	1,295,520	356	4,798,295	167	2,654,791	857	12,606,307	13,328,032
Total	1094	19,151,138	575	9,786,897	160	2,401,907	775	13,881,995	2043	31,191,777	414	6,507,525	52	850,761	1069	15,915,080	1,407	18,517,719	3,033	49,805,967	17,157	274,841,332	295,005,073

2 no cut. 2 no shipments.

Exhibit No. 9 to Gardiner's testimony.

Report of yellow pine clearing house for May, 1903.

States.	No. mills rept'g.	New England States.		New York.		Pennsylvania and New Jersey.		West Virginia and Maryland.		Michigan.		Ohio.		Indiana.		Illinois.		Iowa.		Minnesota.		Wisconsin.		Missouri.	
		No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.
Missouri	6	...	...	...	...	7	125,180	...	...	1	17,882	5	85,920	55	962,037	158	2,772,940	7	124,905	1	11,753	3	46,107	379	6,011,822
Arkansas	39	14	269,800	5	85,807	33	583,257	1	16,000	63	1,102,986	234	3,988,577	198	3,361,439	396	6,807,803	84	1,414,647	2	29,678	50	873,442	318	5,547,440
Texas	48	...	...	42	680,350	...	...	...	...	11	186,275	17	262,296	22	324,350	156	2,417,150	127	2,045,716	1	5,064	15	240,250	270	4,407,990
Louisiana	48	...	...	3	51,789	11	190,550	...	...	73	1,257,579	128	2,151,624	281	4,773,686	511	8,222,207	86	1,507,018	10	202,304	31	513,183	965	14,808,826
Mississippi	29	16	271,671	22	381,997	36	692,233	...	...	66	1,047,815	229	3,629,483	191	3,062,722	378	5,471,110	46	751,357	14	270,210	11	134,108	60	785,687
Alabama	22	50	883,406	44	766,243	40	712,113	...	...	13	232,718	121	1,983,734	71	971,919	72	1,233,521	...	...	...	...	...	...	1	15,829
Georgia & Florida	9	18	324,857	12	203,067	45	767,244	11	153,066	2	43,385	37	636,640	30	454,614	69	974,768	...	...	1	12,638	1	16,327	4	94,076
Total	201	98	1,749,734	128	2,169,253	172	3,070,577	12	169,066	229	3,888,640	771	12,738,274	848	13,910,767	1,740	27,899,499	350	5,843,643	29	531,647	111	1,823,417	1,997	31,671,670

States.	Kansas.		Nebraska.		Colorado and South Dakota.		Indian Ty. and Oklahoma Ty.		Texas.		Tennessee and Kentucky.		New Mexico and *Arizona.		Local. (Into State mfd.)		Export. *Mexico.		Not specified.		Total shipments.		Total cut.
	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	
Mo	110	1,892,980	69	1,198,232	...	...	41	714,054	...	...	...	...	...	...	...	...	...	...	279	4,744,274	1,115	18,708,086	13,472,400
Ark	230	3,818,906	47	798,198	10	167,293	139	2,527,577	14	263,539	26	383,964	1	16,000	192	3,214,922	...	...	656	10,868,609	2,713	46,139,884	44,652,611
Texas	371	6,162,534	131	2,130,198	89	1,245,889	371	6,114,931	1443	22,551,360	12	222,957	26	417,029	...	...	222	3,358,377	...	...	...	...	...
													*22	346,489	...	...	*74	1,137,593	1,527	24,291,770	4,949	78,548,577	80,742,762
La	507	8,665,584	223	3,881,165	82	1,255,292	407	6,682,374	412	7,222,099	28	531,270	7	103,040	...	...	14	203,315	...	...	...	...	...
Miss	6	102,000	25	391,724	...	...	2	25,500	...	...	248	3,237,757	*1	18,030	180	2,666,185	*5	77,640	1,137	14,224,906	5,102	79,209,666	78,184,072
Ala	...	...	...	...	...	...	...	...	...	...	92	1,714,183	...	...	242	3,464,575	132	1,788,206	610	9,339,555	2,334	34,847,710	34,543,369
Ga. and Fla	...	...	...	...	...	...	...	...	...	...	30	526,018	...	...	349	5,489,823	315	5,082,156	60	955,235	1,228	20,040,880	20,742,272
	...	...	...	...	...	...	...	...	...	...	...	...	...	...	104	1,504,435	437	6,064,542	151	2,440,523	952	14,216,200	15,053,538
Total	1224	20,642,004	495	8,399,517	181	2,668,474	960	16,064,436	1869	30,037,007	436	6,616,149	57	900,588	1067	16,339,940	1,199	17,711,829	4,420	66,864,872	18,393	291,711,003	287,391,024

Exhibit No. 10 to Gardiner's testimony.

Report of yellow pine clearing house for June, 1903.

States.	No. mills rep'g.	New England States		New York.		Pennsylvania and New Jersey.		West Virginia and Maryland.		Michigan.		Ohio.		Indiana.		Illinois.		Iowa.		Minnesota.		Wisconsin.		Missouri.	
		No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.
Missouri	6					13	229,033			1	20,810	4	70,472	69	1,174,342	119	2,057,332	9	157,942			3	44,322	271	4,393,153
Arkansas	35	24	469,500	7	123,356	36	660,850			62	1,113,231	224	3,917,886	150	2,603,535	350	6,126,578	45	956,205	9	163,702	34	611,257	334	5,753,819
Texas	45			45	748,519	1	27,348			11	172,291	25	399,006	35	542,104	170	2,805,298	87	1,449,352			12	197,468	280	4,270,824
Louisiana	50	8	129,626	13	241,979	12	223,387			68	1,261,352	125	2,111,482	254	4,239,201	399	6,555,916	72	1,227,099	5	91,860	16	281,582	543	8,818,053
Mississippi	29	15	269,859	33	497,933	75	1,215,439	3	56,019	56	916,458	251	4,053,827	139	2,332,375	414	6,435,567	66	1,074,993	6	122,450	7	115,740	69	1,012,285
Alabama	19	19	290,360	25	398,415	26	442,677	2	32,168	13	212,462	134	2,299,082	58	882,026	15	271,057					3	48,206	6	102,391
Georgia & Florida	8	13	257,331	10	204,238	51	817,785	13	256,674	11	240,821	42	785,387	38	589,349	55	890,023			1	10,795	1	20,107		
Total	190	79	1,416,676	133	2,214,440	214	3,616,519	18	347,861	222	3,937,425	805	13,637,142	743	12,363,022	1,522	25,141,771	279	4,865,591	21	388,807	76	1,318,873	1,503	24,350,525

States.	Kansas.		Nebraska.		Colorado and South Dakota.		Indian Ty. and Oklahoma Ty.		Texas.		Tennessee and Kentucky.		New Mexico and *Arizona.		Local. (Into State mfd.)		Export. *Mexico.		Not specified.		Total shipments.		Total cut.
	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	
Mo	78	1,337,126	53	903,691	1	14,267	15	267,749											190	3,172,019	826	13,842,258	13,562,550
Ark	204	3,493,568	57	1,024,053	19	359,663	148	2,587,418	20	3[illegible],756	27	441,267			163	2,705,731			477	7,846,102	2,390	41,349,477	45,548,531
Texas	311	4,922,144	92	1,508,498	92	1,331,089	390	6,203,743	1300	20,653,514			*61	952,299			*120	1,819,973	1,284	20,642,464	4,511	71,550,212	73,099,909
													21	342,961			174	2,561,317					
La	350	5,905,680	173	2,870,217	94	1,552,698	367	6,276,448	559	8,436,564	56	1,063,918	5	112,059	256	3,800,119	*51	733,717	751	11,346,420	4,214	67,740,626	73,203,897
																	37	461,150					
Miss	8	125,095	42	674,894	4	69,463	1	16,842			157	2,342,411			306	5,301,716	98	4,013,292	467	7,362,504	2,217	38,009,171	36,192,384
Ala											84	1,341,856			340	4,975,642	352	5,618,350	6	86,694	1,083	17,001,478	17,939,658
Ga. and Fla											34	665,985			61	966,119	262	3,161,510	158	2,536,074	750	11,405,288	11,804,530
Total	951	15,783,622	417	6,981,353	210	3,327,180	921	15,352,200	1879	29,481,834	358	5,855,437	87	1,407,319	1126	17,749,327	1094	18,369,309	3,333	52,992,277	15,991	260,898,510	271,351,459

Exhibit No. 11 to Gardiner's testimony.

Report of Yellow Pine Clearing House for July, 1903.

States.	No. mills rep't'g.	New England States.		New York.		Pennsylvania and New Jersey.		West Virginia and Maryland.		Michigan.		Ohio.		Indiana.		Illinois.		Iowa.		Minnesota.		Wisconsin.		Missouri.	
		No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.
Missouri	5					4	69,948			1	17,487	5	87,435	84	1,455,768	105	1,834,683	29	524,185					263	4,387,857
Arkansas	33	23	454,100	9	165,103	21	462,778	5	84,105	57	1,092,260	187	3,379,827	147	2,618,057	322	5,746,984	73	1,366,873	13	229,009	46	739,201	309	5,535,299
Texas	46			35	616,139	3	51,056			8	140,071	17	287,459	115	1,972,655	132	2,336,569	67	1,105,298	6	103,418	6	83,280	294	5,173,915
Louisiana	54	7	121,955	9	150,649	18	341,000			50	918,202	112	1,904,234	190	3,245,647	323	5,513,886	73	1,268,019	7	133,122	18	334,450	648	10,645,356
Mississippi	28	11	182,954	40	645,902	25	400,534	4	64,284	60	960,745	157	2,656,039	137	2,222,092	308	4,633,268	35	697,781	18	329,896	7	93,440	88	1,380,295
Alabama	15	22	378,047	24	404,431	22	397,358	2	48,449	10	155,405	50	818,846	56	778,058	13	211,407					1	19,056	6	78,449
Georgia and Florida	9	21	384,788	4	73,322	66	1,076,516	5	100,000	7	151,208	28	498,268	24	429,679	57	869,276								
Total	190	84	1,521,844	121	2,055,546	159	2,799,190	16	296,838	193	3,435,528	556	9,632,108	753	12,721,956	1,260	21,146,073	277	4,962,156	44	795,445	78	1,269,427	1,608	27,201,171

States.	Kansas.		Nebraska.		Colorado and South Dakota.		Indian Ty. and Oklahoma Ty.		Texas.		Tennessee and Kentucky.		New Mexico and *Arizona.		Local. (Into State Mfd.)		Export. *Mexico.		Not Specified.		Total shipments.		Total cut.
	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	
Mo.	74	1,301,775	70	1,235,541			38	678,839											170	2,723,443	843	14,325,961	14,249,224
Ark.	131	2,272,570	42	799,655	11	189,984	90	1,502,802	18	311,439	12	194,469			121	2,353,243			425	7,247,005	2,062	36,804,763	38,930,243
Texas	386	6,298,054	153	2,553,893	83	1,030,374	449	7,081,063	1,229	19,401,627	3	58,170	*35 41	671,339 525,982			*142 217	2,044,257 3,153,576	561	24,779,421	3,972	80,467,616	79,321,402
La.	388	6,958,809	186	3,251,391	67	1,207,727	251	4,086,962	465	6,837,434	76	1,283,759	*3 9	46,492 144,877	221	3,436,306	*44 45	790,617 580,038	927	14,182,620	4,137	67,203,702	76,797,707
Miss.	5	81,000	32	544,311	2	32,651	3	51,000			156	2,467,476			208	4,387,061	356	5,592,755	382	5,966,983	2,124	33,390,467	30,134,364
Ala.											78	1,008,680			271	4,216,524	347	5,312,448	1	21,179	933	13,978,427	16,180,311
Ga. and Fla.											31	535,567			29	419,609	482	5,466,690	166	2,671,718	820	12,676,701	13,993,426
Total	984	16,912,208	483	8,384,791	163	3,460,736	831	13,400,666	1,712	26,550,500	356	5,678,121	78	1,388,690	940	14,812,803	1533	22,850,381	2,632	57,592,369	14,874	257,937,637	269,696,767

Exhibit No. 12 to Gardiner's testimony.

Report of Yellow Pine Clearing House for August, 1903.

States.	No. mills rept'g.	New England States.		New York.		Pennsylvania and New Jersey.		West Virginia and Maryland.		Michigan.		Ohio.		Indiana.		Illinois.		Iowa.		Minnesota.		Wisconsin.		Missouri.	
		No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.
Missouri	7			2	36,122	4	73,665					3	61,730	85	1,564,023	103	1,844,377	43	784,684			3	42,260	385	6,619,753
Arkansas	35	16	305,500	3	50,971	13	271,053			52	876,067	159	2,943,666	158	2,897,573	308	5,253,010	90	1,620,015	13	212,366	38	687,258	386	6,987,133
Texas	53			2	43,820	2	43,334			7	118,047	17	294,651	127	2,215,836	174	2,807,657	65	1,067,298	1	17,017	14	222,899	225	3,771,760
Louisiana	57	7	141,698	16	282,728	9	195,873			45	812,772	78	1,323,931	161	2,983,149	346	5,997,796	86	1,411,034	12	218,570	28	440,670	737	11,374,937
Mississippi	44	11	194,038	41	604,378	50	746,878			79	1,143,959	154	2,320,300	212	3,418,784	486	7,748,802	48	801,788	4	94,156	23	323,724	142	2,023,603
Alabama	15	22	396,124	18	318,708	17	323,893			7	112,182	60	1,058,502	68	1,072,150	20	313,510							1	7,803
Georgia and Florida	10	8	120,681	17	196,589	102	1,487,233	3	43,845	4	79,198	32	590,810	53	871,524	53	878,307								
Total	221	64	1,158,041	99	1,533,316	197	3,141,929	3	43,845	194	3,142,225	503	8,593,590	864	15,023,039	1,490	24,843,459	332	5,684,819	30	542,109	106	1,716,811	1,876	30,784,989

States.	Kansas.		Nebraska.		Colorado and South Dakota.		Indian Ty. and Oklahoma Ty.		Texas.		Tennessee and Kentucky.		New Mexico and *Arizona.		Local. (Into State Mfd.)		Export. *Mexico.		Not specified.		Total shipments.		Total cut.
	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	
Mo	130	2,277,551	136	2,354,429	3	63,334	51	927,307											84	1,347,982	1,032	17,997,217	15,730,735
Ark	223	3,834,994	56	1,090,295	15	282,956	101	1,747,800	25	455,175	12	206,335	1	20,695	172	3,133,934			806	13,325,434	2,647	46,202,230	45,052,192
Texas	388	6,406,303	191	3,167,336	99	1,329,246	365	5,982,283	729	11,413,617			*4 12	67,930 203,689			135 *56	2,097,630 714,701	905	17,727,355	3,518	59,712,409	43,149,765
La	345	6,080,663	164	2,745,909	35	660,582	597	8,772,602	470	7,084,937	54	848,379	*1 4	11,647 54,045	182	2,851,678	50 *48	689,714 587,586	1,325	21,642,733	4,800	77,213,633	85,509,815
Miss	22	357,952	22	336,612	2	32,955	2	22,301			160	2,460,135			292	4,796,045	231	3,655,187	533	8,381,221	2,514	39,462,818	43,393,169
Ala											53	954,294			288	4,401,035	145	2,292,630	328	5,147,209	1,007	16,398,040	20,156,345
Ga. and Fla											62	948,060			63	647,130	285	3,613,978	232	3,554,514	914	13,031,869	13,138,101
Total	1,108	18,957,463	569	9,694,581	154	2,369,073	1,116	17,452,293	1224	18,953,729	341	5,417,203	22	358,006	977	15,829,822	950	13,651,426	4,213	71,126,448	16,432	270,018,216	266,130,122

Exhibit No. 13 to Gardiner's testimony.

Report of Yellow Pine Clearing House for October, 1903.

States.	No. mills rept'g.	New England States.		New York.		Pennsylvania and New Jersey.		West Virginia and Maryland.		Michigan.		Ohio.		Indiana.		Illinois.		Iowa.		Minnesota.		Wisconsin.		Missouri.	
		No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.
Missouri	5					2	30,101							83	1,491,177	123	2,254,903	34	632,514			1	13,090	332	5,842,191
Arkansas	34	17	329,862			16	293,372	1	21,755	42	750,438	129	2,365,452	163	2,863,658	460	8,396,314	99	1,822,363	7	142,425	38	674,869	362	6,414,434
Texas	50			6	100,814	1	15,320			19	313,993	10	160,695	41	664,197	133	2,161,252	76	1,262,397	1	25,008	16	261,661	287	4,929,458
Louisiana	59	8	124,780	15	254,520	21	404,820			48	838,646	73	1,331,975	146	2,654,685	291	5,283,479	90	1,517,971	7	126,962	17	279,200	699	11,911,874
Mississippi	30	4	66,916	51	732,675	42	559,080	1	18,375	24	330,295	136	2,260,450	163	2,604,046	424	6,643,032	47	815,112	9	162,931	13	218,244	159	2,430,057
Alabama	22	38	687,646	71	1,226,698	40	685,619	5	83,654	9	179,442	105	1,785,857	95	1,670,699	133	2,114,599	1	21,794			7	32,551	4	61,366
Georgia and Florida	11	10	180,000	5	98,280	87	1,252,759	13	242,755	5	88,357	47	882,389	117	1,958,150	46	742,566							3	60,784
Total	211	77	1,389,204	148	2,412,987	209	3,241,071	20	366,539	147	2,501,171	500	8,786,818	808	13,906,612	1,610	27,596,145	347	6,072,151	24	457,326	92	1,479,615	1846	31,650,164

States.	Kansas.		Nebraska.		Colorado and South Dakota.		Indian Ty. and Oklahoma Ty.		Texas.		Tennessee and Kentucky.		New Mexico and *Arizona.		Local. (Into State Mfd.)		Export. *Mexico.		Not specified.		Total shipments.		Total cut.
	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	No. cars.	Feet.	
Mo.	90	1,681,135	104	1,840,554	1	26,095	33	611,001													803	14,422,761	15,249,672
Ark.	207	3,653,194	77	1,359,658	13	249,525	49	902,616	20	358,032	28	505,944	1	16,044	142	2,809,752					585	9,836,699	2,456	43,766,406	46,910,606
Texas	290	3,794,852	201	3,267,124	38	646,317	293	4,890,708	908	14,563,874			*23 24	386,947 402,530			*80 150	1,233,121 2,386,031	1,500	24,497,398	4,097	65,963,697	65,570,576
La.	544	9,363,294	165	2,928,882	62	1,156,444	219	3,640,144	487	7,421,632	51	921,134	*1	23,544	231	3,580,694	*13 50	158,905 712,018	1,447	23,165,932	4,685	77,801,535	84,786,880
Miss.	15	270,477	8	128,594	1	27,444	2	42,902			133	2,141,091			243	3,693,009	222	3,405,563	684	10,751,377	2,381	37,301,670	39,404,138
Ala.											86	1,565,841			205	3,224,472	181	2,788,653	228	3,547,077	1,208	19,675,968	24,943,955
Ga. and Fla.											99	1,573,786			103	1,344,488	362	5,786,582	40	637,857	937	14,848,753	15,871,100
Total	1146	18,762,952	555	9,524,812	115	2,105,825	596	10,087,371	1,415	22,343,538	397	6,707,796	49	829,065	924	14,652,415	1,058	16,470,873	4,484	72,436,340	16,567	273,780,790	292,736,927

At the annual meeting of the directors of Eastman, Gardiner & Co., in Laurel, Mississippi, held Thursday, Jan. 21st, 1904, the following resolution was offered and adopted:

Resolved, That this board of directors is unwilling and refuse to furnish the information regarding the value of the property and profits of this corporation, as asked for by the attorneys for the railroads at the hearing of the case of the Central Yellow Pine Association against the railroads before the Interstate Commerce Commission in New Orleans on Dec. 9th, 1903.

P. S. GARDINER, *Secretary.*

(See page 66, Gardiner's testimony.)

Copy.

New Orleans & Northeastern Railway Co.
Alabama & Vicksburg Railway Co.
Vicksburg, Shreveport & Pacific R. R.
C. C. Harvey, Prest., Genl. Mgr.

833 & 835 GRAVIER ST.,
New Orleans, La., Nove. 5th, 1900.

W. W. FINLEY, Esq., *Second V. P., A. G. S. and Sou. Ry.*
E. L. RUSSELL, Esq., *President M. & O. R. R.*
Y. VANDENBERG, *First V. P., I. C. R. R.*
J. T. HARAHAN, Esq., *Second V. P., I. C. R. R.*
W. J. MURPHY, Esq., *Genl. Mgr., O., N. O. & T. P. R. R.*

GENTLEMEN: We beg to advise that competitive conditions render it necessary in our opinion for the New Orleans and Northeastern and the Gulf & Ship Island railroads to pay agreed tap line proportions to connecting lumber roads in this territory, and that we will do so from November 15th, 1900. This arrangement will be similar to that universally in effect west of the Mississippi River and not uncommon in southeastern territory.

We propose limiting the allowance to 2¢ per 100 lbs., and to lumber roads of 10 miles and upwards, the allowance to be made only on lumber consigned to points on and east of the Mississippi River, on and north of the Ohio River, and on and west of the Buffalo-Pittsburg line.

Yours, truly,
(Signed) C. C. HARVEY,
Pres. & G. M., N. O. & N. E. R. R. Co.
(Signed) S. S. BULLIS,
Genl. Mgr., G. & S. I. R. R. Co.

Statement of shipments of lumber in carloads from Eastman, Gardiner & Co.'s mills at Laurel, Miss., to points outside the State, also shipments to points in Mississippi and used locally.

Shipments to—	1900.	1901.	1902.	To Dec. 23d, 1903.
Indiana	443	729	780	60
Illinois	155	300	478	85
Ohio	568	349	407	60
Missouri	91	119	210	17
Kentucky	428	370	307	16
Kansas		62	188	6
Michigan	168	162	137	15
New England	151	71	133	10
Nebraska		153	114	9
Iowa	9	48	109	7
Export	244	69	78	20
New York	107	53	58	6
Pennsylvania	180	34	56	6
Tennessee	52	137	49	11
Louisiana	20	11	29	6
Alabama	60	17	26	1
Okla. & I. T		22	13	1
South Dakota		3	12	
Wisconsin	9	5	13	2
Minn. and Dak		15	8	2
W. Virginia	24	22	8	1
Colorado		1	1	
Canada		1	1	
New Jersey		1		
Washington, D. C		1		
Maryland	3	1	2	
	2,712	2,758	3,117	3,53
Mississippi, including local	681	561	388	41
	3,393	3,317	3,505	3,94

Original filed with Interstate Commerce Commission.

EXHIBIT No. 1 to Mr. Gardiner's testimony, p. 237.

Gulf & Ship Island Railroad—Earnings and expenses by months for the year ending June 30, 1903, and June 30, 1902.

[See page 30, annual report, year ending June 30, 1903.]

Months.	Gross earnings.		Operating expenses.		Net earnings.	
	Year ended June 30, 1903.	Year ended June 30, 1902.	Year ended June 30, 1903.	Year ended June 30, 1902.	Year ended June 30, 1903.	Year ended June 30, 1902.
Average miles operated	251	251	251	251	251	251
July	$130,244.24	$99,642.92	$84,229.43	$74,939.07	$46,014.81	$24,703.85
August	138,183.65	106,695.02	89,495.99	86,698.35	48,687.66	20,196.67
September	134,774.69	106,397.81	90,010.15	76,670.21	44,764.54	29,727.60
October	153,322.45	123,464.37	88,796.65	76,654.88	64,525.80	46,809.49
November	149,551.59	116,722.54	84,420.32	80,563.43	65,131.27	36,159.11
December	137,792.27	114,616.45	85,237.28	72,447.82	52,554.99	42,168.63
January	152,680.89	121,856.04	89,479.38	75,788.28	63,201.51	46,069.76
February	122,650.29	109,191.47	88,334.37	73,195.60	34,315.92	35,995.87
March	144,164.49	113,735.92	89,965.79	70,612.36	54,198.70	43,123.56
April	150,773.14	119,727.59	88,890.21	77,508.02	61,882.93	42,219.57
May	141,322.10	127,856.46	85,907.02	77,735.87	55,415.08	50,120.59
June	149,587.24	114,577.63	86,920.87	79,916.90	62,666.37	35,560.64
Total	1,705,047.04	1,374,684.22	1,051,687.46	921,828.88	653,350.58	452,855.34

See page 36, annual report:
1902—81 33/100% total freight tonnage lumber.
1903—79 93/100 " " " "

EXHIBIT No. 1 to Mr. Gardiner's testimony. (See p. 103.)

June.	Initial.	Number.	Capacity.	Scale wt.
1	L. S. & M. S	19109	30	30,000
1	I. C	23952	80	50,600
1	I. C	928	40	39,400
1	I. C	3720	40	31,900
1	Sou	12765	60	56,800
1	E. & T. H	11042	40	40,900
1	M. & O	8334	60	35,800
1	L. & N	2974	65	44,700
1	Sou	24509	50	38,300
1	M. & O	8139	60	56,100
1	N. O. & N. E	15495	60	37,350
1	C., P. & St. L	21445	50	51,000
1	C., B. & Q	26941	60	34,200
1	M. & O	6379	40	48,200
1	I. C	16243	60	32,500
1	I. C	17421	60	50,800
2	St. L. & S. F	13754	60	39,500
2	Penna	15508	60	41,800
2	M. & O	8071	60	54,800
2	M. & O	6848	60	49,200
2	Sou	10146	50	42,500
2	C., N. O. & T. P	12271	60	57,800
2	A. C. L	20041	60	39,250
2	U. P	68640	60	49,550
2	N. & W	61935	60	55,700
2	I. C	33322	80	51,200
2	I. C	33011	80	74,500
2	I. C	3096	40	43,900
3	N. C. & St. L	4742	60	34,600
3	C., B. & Q	28432	60	36,000
3	C. N. O	3527	60	48,500
3	L. V	68427	60	55,900
3	I. C	22237	80	52,700
3	L. & N	3205	60	46,000
3	Sou	6928	40	37,600
3	L. & N	12441	60	54,300
3	"	20674	60	52,500
3	A. G. S	8360	60	37,300
3	A. G. S	9994	60	48,400
3	C., B. & Q	30160	60	50,400
3	Erie	80514	50	30,000
3	A. G. S	8345	60	38,550
3	Wab	64146	60	41,600
4	L. & N	3579	60	49,000
4	C., B. & Q	26213	60	48,200
4	St. L., I. M. S	12066	60	36,400
4	N. Y. C	50092	60	45,000
4	M. & O	8810	60	47,600
4	N. O. & N. E	15968	60	60,400
4	"	15967	60	56,500
4	S. A. L	8518	50	31,900
4	N. O. & N. E	15969	60	45,700
4	Sou	24155	50	44,300
4	Sou	24094	50	33,700
4	M. & O	8727	60	44,000
4	Big 4	5008	60	42,500
5	S. A. L	7320	40	35,800
5	L. & N	8052	60	34,400
5	C., B. & Q	20588	60	39,700
5	L. & N	16977	60	40,500
5	Sou	31988	60	53,400
5	St. L., I. M. & S	10089	60	36,500
5	N. P	2299	40	42,800
5	L., D. & W	17323	60	30,000
5	M. & O	6507	60	41,100
5	C. of Ga	4564	60	42,100
5	C., B. & Q	21481	40	42,200
6	I. C	2083	40	39,600
6	M. & O	6771	60	44,600
6	M. & O	8670	60	56,800
6	I. C	39057	80	40,700
6	C., N. O., T. P	12293	60	48,900
6	N. O. & N. E	15958	80	65,000
6	N. O. & N. E	15954	60	38,300
6	St. L. & S. W	16420	60	35,900
6	C., N. O. & T. P	6200	60	44,100
6	M. & O	7394	60	40,000
6	M. & O	5704	40	35,300
6	N. O. & N. E	15953	60	61,500
6	L. & N	3397	60	37,300
6	M. & O	5332	40	36,700
6	N. O. & N. E	15970	60	57,000

June	Initial.	Number.	Capacity.	Scale wt.
6	Frisco	13185	60	
8	K. C. S.	13884	60	
8	N. O. & N. E.	15960	60	
8	M. & O.	8562	60	
8	L. & N.	9292	60	
8	C., B. & Q.	23359	50	
8	N. O. & N. E.	15956	60	
8	U. P.	67265	60	
8	L. & N.	12605	60	
8	N. O. & N. E.	15032	40	
8	Sou.	32170	60	
8	M. & O.	8947	60	
8	N. O. & N. E.	15957	60	
8	I. C.	7341	50	
8	I. C.	21377	80	
8	I. C.	34854	80	
8	N. O. & N. E.	15955	60	
8	M. & O.	8729	60	
9	M. & O.	8379	60	
9	M. & O.	8493	60	
9	I. C.	1049	42	
9	I. C.	19359	60	
9	Sou.	24061	60	
9	L. & N.	9520	60	
9	N. Y. C.	57033	60	
9	L. & N.	15836	60	
9	M. & O.	8772	60	
9	St. L. & S. F.	30638	60	
9	M. & O.	7577	60	
9	I. C.	17366	60	
9	N. O. & N. E.	15553	60	
10	I. C.	1380	40	
10	I. C.	23939	80	
10	N. O. & N. E.	15623	60	
10	I. C.	6250	50	
10	I. C.	22985	80	
10	I. C.	13791	60	
10	I. C.	39097	80	
10	M. & O.	6248	40	
10	A. G. S.	9038	40	
10	M. & O.	5634	40	
10	N. & W.	19034	60	
10	I. C.	39010	80	
10	I. C.	33811	80	
11	A. V. W.	6055	60	
11	I. C.	38630	80	
11	C. & O.	5421	60	
11	M. & O.	7490	60	
11	E. & T. H.	4730	60	
11	I. C.	19703	60	
11	N. & W.	61043	60	
11	M. & O.	8447	60	
11	I. C.	35669	80	
11	I. C.	18078	60	
11	I. C.	3552	40	
11	K. C., F. S. M.	14618	60	
11	C., P. & St. L.	20051	40	
11	I. C.	17952	60	
11	L. S. & M. S.	44671	60	
11	St. L. S. W.	13004	60	
12	I. C.	22408	80	
12	I. C.	40242	40	
12	I. C.	13453	60	
12	I. C.	17982	60	
12	I. C.	3150	40	
12	I. C.	22075	50	
12	L. S. & M. S.	11371	60	
12	L. & N.	776	50	
12	T., P., W.	64401	60	
12	Wab.	08086	60	
12	Ia. C.	9774	40	
12	B. & M. R.	20965	80	
12	I. C.	17048	60	
12	L. & N.	6082	50	
12	I. C.	10637	60	
13	I. C.	1032	40	
13	I. C.	1382	40	
13	I. C.	6012	40	
13	M. & O.	3001	40	
13	I. C.	32148	60	
13	St. L. & S. F.	12548	60	
13	C., N. O. & T. P.	1236	40	
13	I. C.	3142	60	
13	I. C.	39559	80	
13	I. C.	34684	80	

June	Initial.	Number.	Capacity.	Scale wt.
13	I. C	19793	60	45,800
13	I. C	39476	60	45,500
13	I. C	4289	40	37,700
13	I. C	4208	40	37,600
13	I. C	23708	80	58,900
13	N. O. & N. E	15451	60	40,400
13	I. C	11095	60	46,600
15	I. C	7423	50	41,400
15	I. C	3977	40	39,400
15	C., B. & Q	28234	60	46,000
15	I. C	39062	80	71,200
15	I. C	13506	60	43,500
15	I. C	2497	40	31,400
15	N. O. & N. E	15777	60	45,700
15	V., S & P	26089	40	36,100
15	I. C	4881	40	30,000
15	I. C	381	40	30,000
15	I. C	23236	80	33,900
15	I. C	42250	60	30,900
15	I. C	4571	60	33,400
15	I. C	11685	60	46,300
15	I. C	10858	60	48,500
15	N. C. & St. L	4915	60	31,900
15	I. C	38601	80	67,800
15	Sou	22210	40	38,800
16	I. C	36088	80	58,800
16	C., B. & Q	10121	40	30,000
16	L. & N	2311	60	49,200
16	I. C	4469	40	38,400
16	I. C	6328	50	43,900
16	C. & W. C	596	60	43,200
16	N. Y. C	91890	60	39,200
16	St. L. & S. W	15520	60	37,200
16	N. P	2315	40	34,000
16	I. C	7578	60	50,600
16	St. L. & S. F	7620	40	38,500
16	I. C	26414	80	50,000
16	L. & N	11825	60	46,000
16	I. C	39728	80	50,000
16	I. C	20427	60	42,500
16	N. Y. C	64150	60	35,500
16	I. C	7049	50	44,600
17	L. & N	10083	60	39,400
17	I. C	7335	50	30,000
17	I. C	4077	40	32,900
17	N. P	67508	60	50,200
17	I. C	17825	60	42,800
17	I. C	34619	80	70,900
17	Penna	90652	80	58,200
17	I. C	1246	40	33,000
17	Mo. P	20214	60	50,100
17	I. C	8112	60	34,400
17	I. C	39676	80	42,800
17	I. C	17294	60	43,100
17	I. C	915	40	42,400
17	I. C	15816	60	49,900
17	I. C	42811	60	35,600
18	M. & O	14980	60	37,700
18	I. C	8135	60	41,100
18	A. & V	15489	60	42,600
18	L. & N	22199	60	34,700
18	I. C	14358	60	46,100
18	I. C	16207	60	48,100
18	I. C	35994	80	58,700
18	I. C	15621	60	35,700
18	L. & N	11960	60	38,900
18	I. C	15154	60	44,100
18	I. C	15064	60	35,800
18	I. C	15015	60	50,300
18	I. C	42216	60	57,600
18	I. C	14093	60	43,000
18	I. C	15664	60	41,400
18	I. C	36141	80	47,700
19	I. C	10470	60	38,500
19	I. C	506	40	32,700
19	I. C	13300	60	37,100
19	I. C	39109	80	50,600
19	I. C	6601	50	32,300
19	I. C	36832	80	73,500
19	I. C	28231	60	57,400
19	I. C	18174	60	49,300
19	A. G. S	13675	60	43,800
19	I. C	9096	40	40,800
19	M. & O	36833	80	48,900
		6151	40	36,200

June.	Initial.	Number.	Capacity.	Scale wt.
19	I. C	11058	60	
19	M. & O	8124	60	
19	I. C	30016	70	
19	I. C	4660	40	
19	I. C	15101	60	
19	C., B. & Q	30274	60	
20	A. G. S	9228	40	
20	I. C	15694	60	
20	L. & N	9954	60	
20	I. C	35563	80	
20	I. C	34743	80	
20	I. C	39538	80	
20	I. C	16341	60	
20	I. C	20424	60	
20	I. C	42656	60	
20	C. N. O	6448	60	
20	I. C	35753	80	
20	I. C	10357	60	
20	I. C	6653	50	
20	Penna	17865	60	
20	A. G. S	8195	60	
20	I. C	1132	40	
20	I. C	33	40	
20	I. C	10782	60	
22	I. C	33452	80	
22	I. C	39337	80	
22	I. C	39774	80	
22	I. C	38775	80	
22	I. C	38921	80	
22	I. C	10580	60	
22	I. C	36524	80	
22	I. C	18396	60	
22	I. C	18484	60	
22	I. C	33845	60	
22	I. C	11513	60	
23	I. C	38024	80	
23	I. C	11944	60	
23	A. G. S	8215	60	
23	M. & O	7523	60	
23	I. C	19990	60	
23	I. C	16303	60	
23	I. C	14171	60	
23	I. C	8414	50	
23	I. C	12385	60	
23	I. C	19560	60	
23	L. & N	12875	60	
23	I. C	10071	60	
23	I. C	34621	80	
23	I. C	15436	60	
23	I. C	8102	50	
23	L. & N	12632	60	
23	I. C	11620	60	
24	I. C	32222	60	
24	I. C	13701	60	
24	I. C	17961	60	
24	L. & N	2605	60	
24	I. C	15466	60	
24	I. C	7232	40	
24	I. C	396	40	
24	I. C	1452	40	
24	I. C	10893	60	
24	I. C	8659	60	
24	I. C	11128	60	
24	I. C	11412	60	
24	I. C	6183	50	
24	C. & E	83149	50	
24	N. O. & N. E	14983	60	
24	I. C	13752	60	
24	I. C	7164	50	
24	N. O. & N. E	15121	40	
25	N. O. & N. E	15234	40	
25	"	15516	60	
25	"	15005	60	
25	"	15754	60	
25	A. G. S	8874	40	
25	Big 4	4577	60	
25	M. & O	8091	60	
25	I. C	32109	60	
25	I. C	1360	40	
25	I. C	6005	50	
25	I. C	20181	60	
25	I. C	13646	60	
25	I. C	32560	60	
25	I. C	10342	60	
25	I. C	23341	80	

June	Initial.	Number.	Capacity.	Scale wt.
26	A. G. S	9068	60	30,000
26	I. C	6156	50	35,300
26	I. C	24160	80	38,700
26	I. C	2613	40	39,250
26	I. C	2771	40	34,050
26	I. C	10497	60	42,900
26	I. C	10865	60	43,700
26	I. C	1326	40	36,300
26	I. C	12131	60	45,700
26	I. C	13919	60	39,400
26	I. C	32618	60	40,000
26	I. C	1818	40	34,000
26	I. C	903	40	36,200
26	Son	40283	60	50,500
26	Erie	100550	60	47,200
26	I. C	38836	80	47,900
26	I. C	8087	50	49,300
27	I. C	3482	40	34,600
27	I. C	1272	60	53,900
27	C. B. & Q	22854	60	44,100
27	I. C	17310	60	47,600
27	I. C	1547	40	43,000
27	I. C	39575	80	41,300
27	L. & N	14473	60	44,600
27	I. C	14156	60	33,300
27	I. C	10487	60	39,300
27	I. C	32602	80	32,100
27	I. C	10292	60	46,100
27	L. & N	2309	50	34,400
27	I. C	2785	40	30,000
27	"	39852	80	38,000
27	"	39517	80	46,300
27	"	800	40	37,000
29	I. C	18190	50	41,000
29	I. C	24491	80	31,900
29	I. C	24696	80	50,300
29	E. & T. H	1269	60	39,800
29	I. C	12432	60	51,000
29	I. C	11015	60	41,200
29	I. C	3477	40	43,000
29	I. C	1262	40	42,600
29	I. C	6394	50	38,200
29	I. C	15023	60	36,100
29	I. C	39837	80	47,700
29	I. C	3046	40	43,300
29	I. C	3231	40	41,300
29	I. C	6093	50	44,300
29	I. C	72	40	40,000
29	I. C	34214	80	42,500
29	L. & N	12358	60	46,400
30	L. & N	10993	60	49,700
30	I. C	5720	40	43,800
30	I. C	4409	40	37,500
30	I. C	42590	60	46,200
30	L. & N	11141	60	41,900
30	I. C	10210	60	41,300
30	I. C	26526	80	43,800
30	I. C	4334	40	40,400
30	I. C	35530	80	41,800
30	I. C	7182	50	46,000
30	N. O. & N. E	11101	60	41,750
30	I. C	12279	60	31,300
30	I. C	4569	40	30,000
30	L. & N	3039	65	44,200
30	I. C	30243	60	44,000
30	L. & N	10543	60	50,100
30	I. C	35547	80	42,200
	Total		23,742,000	17,589,600

741 C.
Av. car capacity 58,767
Av. load per car 43,538

Exhibit to Gardiner's testimony.

Central Yellow Pine Association.

Gulf, Beaumont & Kansas City Railroad (G. C. & S. F. R. R.).

[The rate on lumber at the present time from the Gulf, Beaumont & Kansas City R. R. to St. Louis is 18¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Kirbyville, La., via Paris & Frisco	1,000	.0027
Silsbee, Tex., " " "	1,006	.0027
Beaumont, " " "	1,006	.0027

Kansas City Southern Railroad.

[The rate on lumber at the present time from the Kansas City Southern Railway, Ashdown, Ark., and south to Port Arthur, Texas, incl., to St. Louis is 18¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Ashdown, Ark., to St. Louis via Sport, St. L. S.W. & I. C.	640	.0022
Beaumont, Tex., " " " " " " "	803	.0046
Lake Charles, " " " " " " "	779	.0462

[The rate on lumber at the present time from the Kansas City Southern Railway, Ashdown, Ark., and south to Port Arthur, incl., to Cairo for beyond is 16¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Ashdown to Cairo via Shreveport, St. L. & S. W.	541	.0091
Beaumont " " " " " " "	655	.0061
Lake Charles " " " " " "	631	.0057

The combination of 16¢ per hundred pounds Kansas City Southern stations to Cairo, plus rate of 10¢ Cairo to Indianapolis, makes through rate of 26¢.

	Miles.	Rate per ton per mile.
Ashdown to Indianapolis via Sport and Cairo	856	.0061
Beaumont " " " " " "	970	.0053
Lake Charles " " " " " "	946	.0054

Southern Pacific R. R.

[The present rate on lumber from Texas and New Orleans R. R. and Sabine division to St. Louis is 18¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Beaumont to St. Louis via New Orleans & I. C.	964	.0084
Orange " " " " " " "	963	.0083

[The present rate on lumber from Texas and New Orleans R. R. and Sabine Division to Cairo is 16¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Beaumont to Cairo via New Orleans & I. C.	836	.0096
Orange " " " " " " "	815	.0098

Southern Pacific R. R.—Continued.

[The present rate on lumber from Texas & New Orleans R. R. and Sabine Division to Cincinnati is 26¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Beaumont to Cincinnati via N. O. and Q. & C	1,108	.00469
Orange " " " " " " "	1,087	.00478

[The present rate on lumber from Texas & New Orleans R. R. and Sabine Division to Chicago is 27¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Beaumont to Chicago via N. O. and I. C	1,200	.0045
Orange " " " " " "	1,179	.00458

[The present rate on lumber from Texas & New Orleans R. R. and Sabine Division to Louisville is 24¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Beaumont to Louisville via N. O. and L. & N	1,089	.0044
Orange " " " " " "	1,068	.00449

Southern Railway.

[The present rate on lumber from group #2 to Cairo is 16¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Lumber City, Ga., to Cairo via Chatta. Jackson, Tenn., and I. C. R. R	891	.00359
Empire, " " " " " " " " " "	841	.00380
Baxley, " " " " " " " " " "	914	.0035
Bairds Ala., " " " Meridian & M. & O	554	.00577
Phenix City, " " " " Bham. Frisco & M. & O	512	.00624
Charlton, " " " " Montgomery & M. & O	562	.00549
Andalusia, " " " " " "	578	.00553
Alaga, " " " " " "	595	.00537

[The present rate on lumber from group #3 to Cairo for beyond is 17¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Pineora, Ga., to Cairo via Macon, Chattanooga, Jackson & I. C	901	.00353
Wise, " " via Montgomery & M. & O	674	.00504
Heartpine, " " " Macon, Chattanooga, Jackson & I. C	927	.00365
Pidcock, " " via Montgomery & M. & O	681	.00499
Argyle, " " " " "	749	.00453

Southern Railway (group #3).

[To Chicago via Louisville, rate 27¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Tennille, Ga., via Augusta & Atlanta	1,027	.00525
Galvans, " " " "	947	.00571
Average	987	.00548

Central of Georgia Ry. (Southern Ry., group #3).

	Miles.	Rate per ton per mile.
Griswold, Ga., via Macon and Atlanta	874	.0017
Savannah, " " " " "	1,055	.0011
Average	964	.0064
Myrtle, Ga., via Macon and Atlanta	994	.0041
Wise, " " " " "	868	.0022
Average	931	.0081
LaCrosse, Ga., via Birmingham & L. & N	910	.0010
Muscogee, Ala., " " "	857	.0030
Average	883	.0011

Georgia, Southern & Florida Ry. (Southern Railway, group #3).

	Miles.	Rate per ton per mile.
Minneola, Ga., via Macon and Chattanooga	1,008	.0025
Sofkee, " " " " "	872	.0019
Average	940	.0077

Macon, Dublin & Savannah R. R. (Southern Railway, group #3).

	Miles.	Rate per ton per mile.
Vidalia, Ga., via Macon & Chattanooga	956	.0064
Swift Creek, " " " "	869	.0021
Average	912	.0092

Atlantic Coast Line (Southern Ry., group #3).

	Miles.	Rate per ton per mile.
Waycross, Ga., via Macon & Chattanooga	1,083	.0026
Donaldsonville, " " Montgomery and L. & N	947	.0071
Average	1,015	.0053
Brunswick, Ga., via Macon and Chattanooga	1,051	.0012
Albany, " " " " "	971	.0056
Average	1,011	.0034

Seaboard Air Line Ry. (Southern Ry., group #3).

	Miles.	Rate per ton per mile.
Meldrim, Ga., to Chicago via Macon & Chatta	992	.0044
Mityiene, Ala., " " " Montgomery & L. & N	804	.0067
Average	898	.0067

Tifton & Northeastern R. R. (Southern Ry., group #3).

	Miles.	Rate per ton per mile.
Fitzgerald, Ga., to Chicago via Louisville	951	.00567
Tifton, " " " " " "	949	.00569
Average	950	.00568

Southern Railway (group No. 2).

[Present rate on lumber from Southern Railway, group No. 2, stations to Louisville, Ky., is 21¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Pine Grove, Ga., to Louisville via Chattanooga and Lexington	661	.00635
Empire " " " " " " " "	605	.00694
Baxley, " " " " " " " "	678	.00618
Fort Valley, " " " " " " " "	577	.00727
Robinson, Ala., " " " " " " " "	743	.00565
Bairds, " " " " " " " "	703	.00597
Pine Hill, " " " " " " " "	639	.00659
Lee, " " " " " " " "	571	.00735

Central of Georgia Ry. (Southern Ry., group #2 points).

[The present rate on lumber from Central of Georgia Ry., group #2 points, to Louisville is 21¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Phenix City, Ala., to Lville via Bham. & Q. & C.	605	.00694
Chewacla, " " " " " " "	582	.00721
Searight, " " " via Montgomery & L. & N.	588	.00714
Girard, " " " " " " "	574	.00731
Perry's Mill, " " " " " " "	549	.00765
Cochrans, " " " " " " "	553	.00759

Atlantic Coast Line (Southern Ry., group #2 points).

[The present rate on lumber from Atlantic Coast Line, group #2 points, to Louisville is 21¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Alaga, Ala., to Louisville via Montgy. & L. & N.	631	.00665
La Pine, " " " " " "	522	.00804

Southern Railway, group #2.

To Chicago via Louisville, rate ..... 26¢ per 100#

Showing rate per ton per mile south of the river.

Arbitrary north Ohio River from Louisville ..... 11¢
Proportion south ..... 15¢

	Miles.	Rate per ton per mile.
Pine Grove, Ga., to Louisville	661	.00453
Empire, " " "	605	.00495
Baxley, " " "	678	.00442
Fort Valley " " "	577	.00520
Robinson, Ala. " "	743	.00403
Bairds, " " "	703	.00426
Pine Hill, " " "	637	.00470
Lee, " " "	571	.00525

Central of Georgia Ry. (Southern Ry., group #2 points).

	Miles.	Rate per ton per mile.
Phenix City, Ala., to Louisville	605	.0046
Chewacla, " " "	582	.0051
Searight, " " "	588	.0051
Girard, " " "	574	.0052
Perry's Mill, " " "	549	.0056
Cochrans, " " "	553	.0056

Atlantic Coast Line (Southern Ry., group #2 points).

	Miles.	Rate per ton per mile.
Alaga, Ala., to Louisville	631	.0047
La Pine, " " "	522	.0057

Southern Railway (group No. 2).

[Present rate on lumber from group #2 Southern Railway stations to Cincinnati, Ohio, is 23¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Pine Grove, Ga., to Cincinnati via Macon and Chattanooga	683	.0067
Empire, " " " " "	617	.0074
Baxley, " " " " "	690	.0066
Fort Valley, " " " " "	589	.0078
Robinson, Ala., " " via Selma and Chattanooga	765	.0060
Bairds, " " " " "	725	.0063
Pine Hill, " " " " "	659	.0069
Lee, " " " " "	593	.0077
Taylor, " " " " "	550	.0083

Central of Georgia Ry. (Southern Ry., group #2 points).

[The present rate on lumber from group #2 Central of Georgia Ry., to Cincinnati, Ohio, is 23¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Phenix City, Ala., to Cincinnati via Bham. & Q. & C	627	.0073
Chewacla, " " " " " "	604	.0076
Searight, " " " via Montgy. & L. & N	702	.0065
Girard, " " " " " "	688	.0067
Perry's Mill, " " " " " "	663	.0069
Cochrans, " " " " "	667	.0068

Atlantic Coast Line (Southern Ry., group #2 points).

[The present rate on lumber from Atlantic Coast Line group #2 points to Cincinnati is 23¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Alaga, Ala., to Cincinnati via Mtgmy. & L. & N	745	.0061
La Pine, " " " " " "	636	.0072

Southern Railway (group No. 2).

To Chicago via Cincinnati rate ..... 26¢ per 100 lbs.

Showing rate per ton per mile south of the river.

Arbitrary north Ohio River ..... 10¢
Proportion south ..... 16¢

	Miles.	Rate per ton per mile.
Pine Grove, Ga., to Cincinnati	683	.00468
Empire, " " "	677	.00518
Baxley, " " "	690	.00463
Fort Valley, " " "	589	.00543
Robinson, Ala., " "	765	.00418
Bairds, " " "	725	.00441
Pine Hill, " " "	659	.00487
Le , " " "	593	.00539
Ta ylor, " " "	550	.00580

Central of Georgia Ry. (Southern Ry., group #2 points).

	Miles.	Rate per ton per mile.
Phenix City, Ala., to Cincinnati	627	.00570
Chewacla, " " "	604	.00529
Searight, " " "	702	.00455
Girard, " " "	688	.00465
Ferry's Mill, " " "	663	.00482
Cochrane, " " "	667	.00479

Atlantic Coast Line (group No. 2).

	Miles.	Rate per ton per mile.
Alaga, Ala., to Cincinnati	745	.00429
La Fine, " " "	636	.00503

Louisville & Nashville R. R. (group No. 2).

[To Detroit via Cincinnati, rate 30¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Graceville, Fla	1,024	.00586
McKinzie, Ala	933	.00643
Average	975	.00614
Catoma, Ala. (McGehee mileage)	874	.00686
Mobile, "	1,045	.00574
Average	959	.00630
Choctaw, Ala	1,052	.00570
Gentilly, La	1,178	.00509
Average	1,115	.00539
River Junc. Fla	1,188	.00505
Flomaton, Ala	984	.00640
Average	1,086	.00572

Louisville & Nashville R. R. (*group No. 2*)—Continued.

[To Cleveland via Cincinnati, rate 31¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Graceville, Fla	1,026	.00604
McKinzie, Ala	935	.00660
Average	980	.00632
Catoma, Ala. (McGehee mileage)	876	.00707
Mobile, "	1,047	.00591
Average	961	.00649
Choctaw, Ala	1,054	.00588
Gentilly, "	1,180	.00525
Average	1,117	.00556
River Jct., Fla	1,190	.00521
Flomaton, Ala	986	.00618
Average	1,088	.00569

[To Athens, Ohio, via Cincinnati, rate 31¢ per hundred pounds.]

Graceville, Fla	921	.00673
KcKenzie, Ala	830	.00746
Average	875	.00709
Catoma, Ala (McGehee mileage)	771	.00804
Mobile, "	942	.00659
Average	851	.00731
Choctaw, Ala	949	.00654
Gentilly, La	1,075	.00576
Average	1,012	.00615
River Jct., Fla	1,085	.00571
Flomaton, Ala	881	.00703
Average	988	.00637

[To Marion, Ohio, via Cincinnati, rate 30¢ per hundred pounds.]

Graceville, Fla	907	.00661
McKenzie, Ala	816	.00735
Average	861	.00698
Caloma, Ala. (McGehee mileage)	757	.00792
Mobile, "	928	.00646
Average	842	.00719
Choctaw, Ala	935	.00641
Gentilly, La	1,061	.00565
Average	998	.00603
River Jct., Fla	1,071	.00560
Flomaton, Ala	867	.00690
Average	969	.00625

Louisville & Nashville R. R. (group No. 2)—Continued.

[Alvordton, Ohio, via Cincinnati, rate 30¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Graceville, Fla	963	.00620
McKenzie, Ala	872	.00685
Average	917	.00652
Catoma, Ala. (McGehee mileage)	813	.00738
Mobile, "	984	.00609
Average	898	.00673
Choctaw, Ala	991	.00605
Gentilly, "	1,117	.00537
Average	1,054	.00591
River Jct., Fla	1,127	.00532
Flomaton, Ala	923	.00649
Average	1,025	.00590

[Dayton, Ohio, via Cincinnati, rate 27½¢ per hundred pounds.]

Graceville, Fla	822	.00669
McKenzie, Ala	731	.00752
Average	776	.00710
Catoma, Ala. (McGehee mileage)	672	.00818
Mobile, "	843	.00652
Average	757	.00735
Choctaw, Ala	850	.00647
Gentilly, "	978	.00562
Average	914	.00604
River Jct., Fla	986	.00557
Flomaton, Ala	782	.00703
Average	884	.00630

Louisville & Nashville R. R. (Group No. 2.)

[To Chicago via Louisville, rate 26¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Graceville, Fla	947	.00549
McKenzie, Ala	856	.00607
Average	901	.00578
Catoma, Ala. (McGehee mileage)	797	.00641
Mobile, "	968	.00537
Average	882	.00589
Choctaw, Ala	975	.00533
Gentilly, La	1,101	.00472
Average	1,038	.00502
River Jct., Fla	1,111	.00468
Flomaton, Ala	907	.00573
Average	1,009	.00520

Louisville & Nashville R. R. (*Group No. 2.*)—Continued.

[To Springfield, Ills., via East St. Louis, rate 25¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Graceville, Fla	876	.0057[illegible]
McKenzie, Ala	785	.0063[illegible]
Average	830	.0060[illegible]
Catoma, Ala. (McGehee mileage)	726	.0068[illegible]
Mobile, "	897	.0055[illegible]
Average	811	.0062[illegible]
Choctaw, Ala	904	.0055[illegible]
Gentilly, La	1,030	.0048[illegible]
Average	967	.0051[illegible]
River Jct., Fla	1,040	.0048[illegible]
Flomaton, Ala	836	.0059[illegible]
Average	938	.0053[illegible]

[To Peoria, Ills., via East St. Louis, rate 25¢ per hundred pounds.]

Graceville, Fla	940	.0053[illegible]
McKenzie, Ala	849	.0058[illegible]
Average	894	.0056[illegible]
Catoma, Ala. (McGehee mileage)	790	.0063[illegible]
Mobile, "	961	.0052[illegible]
Average	875	.0057[illegible]
Choctaw, Ala	968	.0051[illegible]
Gentilly, La	1,094	.0045[illegible]
Average	1,031	.0048[illegible]
River Jct., Fla	1,104	.0045[illegible]
Flomaton, Ala	900	.0055[illegible]
Average	1,002	.0049[illegible]

[To Freeport, Ills., via East St. Louis, rate 26¢ per hundred pounds.]

Graceville, Fla	1,074	.0048[illegible]
McKenzie, Ala	983	.0052[illegible]
Average	1,028	.0050[illegible]
Catoma, Ala.	924	.0056[illegible]
Mobile, "	1,095	.0047[illegible]
Average	1,009	.0051[illegible]
Choctaw, Ala	1,102	.0047[illegible]
Gentilly, La	1,228	.0042[illegible]
Average	1,165	.0044[illegible]
River Jct., Fla	1,238	.0042[illegible]
Flomaton, Ala	1,034	.0050[illegible]
Average	1,136	.0046[illegible]

Louisville & Nashville R. R. (*Group No. 2.*)—Continued.

[To Beardstown, Ills., via East St. Louis, rate 25¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Graceville, Fla	898	.00556
McKenzie, Ala	807	.00619
Average	852	.00587
Catoma, Ala	748	.00668
Mobile, "	919	.00544
Average	833	.00606
Choctaw, Ala	926	.00539
Gentilly, La	1,052	.00475
Average	989	.00507
River Jct., Fla	1,062	.00470
Flomaton, Ala	858	.00582
Average	960	.00526

Louisville & Nashville R. R. (*Group No. 2.*)

[To Ft. Wayne, Ind., via Cincinnati, rate 29¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Graceville, Fla	929	.00624
McKenzie, Ala	838	.00692
Average	883	.00658
Catoma, Ala. (McGehee mileage)	779	.00744
Mobile, "	950	.00610
Average	864	.00677
Choctaw, Ala	957	.00608
Gentilly, La	1,083	.00532
Average	1,020	.00570
River Jct., Fla	1,093	.00530
Flomaton, Ala	889	.00652
Average	991	.00591

[To Richmond, Ind., via Cincinnati, rate 27¢ per hundred pounds.]

Graceville, Fla	838	.00644
McKenzie, Ala	747	.00722
Average	792	.00683
Catoma, Ala. (McGehee mileage)	688	.00784
Mobile, "	859	.00628
Average	773	.00706
Choctaw, Ala	866	.00623
Gentilly, La	992	.00544
Average	929	.00583
River Jct., Fla	1,002	.00538
Flomaton, Ala	798	.00676
Average	900	.00607

Louisville & Nashville R. R. (*Group No. 2*)—Continued.

[To Indianapolis via Louisville, rate 26¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Graceville, Fla	750	.00685
McKenzie, Ala	668	.00779
Average	713	.00722
Catoma, Ala. (McGehee mileage)	609	.00853
Mobile, "	780	.00666
Average	694	.00739
Choctaw, Ala	787	.00660
Gentilly, La	913	.00569
Average	850	.00614
River Jct., Fla	923	.00563
Flomaton, Ala	719	.00723
Average	821	.00643

[To Michigan City, Ind., via Louisville, rate 26¢ per hundred pounds.]

Graceville, Fla	918	.00568
McKenzie, Ala	827	.00629
Average	872	.00597
Catoma, Ala. (McGehee mileage)	765	.00679
Mobile, "	936	.00555
Average	850	.00617
Choctaw, Ala	943	.00551
Gentilly, La	1,069	.00488
Average	1,006	.00518
River Jct., Fla	1,079	.00482
Flomaton, Ala	875	.00594
Average	977	.00538

[To Elnora, Ind., via Evansville, rate 26¢ per hundred pounds.]

Graceville, Fla	695	.00748
McKenzie, Ala	604	.00860
Average	649	.00804
Catoma, Ala. (McGehee mileage)	545	.00954
Mobile, "	716	.00724
Average	630	.00839
Choctaw, Ala	723	.00719
Gentilly, La	849	.00612
Average	786	.00665
River Jct., Fla	859	.00605
Flomaton, Ala	655	.00792
Average	757	.00683

Louisville & Nashville R. R. (*Group No. 2*).

[To Dubuque, Ia., via St. Louis rate, 29¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Graceville, Fla	1,139	.00509
McKenzie, Ala	1,048	.00553
Average	1,093	.00531
Catoma, Ala	986	.00588
Mobile, "	1,157	.00501
Average	1,071	.00544
Choctaw, Ala	1,164	.00498
Gentilly, La	1,290	.00457
Average	1,227	.00477
River Jct., Fla	1,300	.00446
Flomaton, Ala	1,096	.00529
Average	1,198	.00487

[To Burlington, Ia., via St. Louis, rate 26½¢ per hundred pounds.]

Graceville, Fla	1,005	.00517
McKenzie, Ala	914	.00568
Average	959	.00542
Catoma, Ala	855	.00608
Mobile, "	1,026	.00506
Average	940	.00557
Choctaw, Ala	1,033	.00503
Gentilly, La	1,159	.00448
Average	1,096	.00475
River Jct., Fla	1,169	.00444
Flomaton, Ala	965	.00538
Average	1,067	.00491

[Des Moines, Ia., via St. Louis, rate 26½¢ per hundred pounds.]

Graceville, Fla	1,124	.00471
McKenzie, Ala	1,033	.00513
Average	1,078	.00492
Catoma, Ala	974	.00544
Mobile, "	1,145	.00463
Average	1,084	.00500
Choctaw, Ala	1,152	.00460
Gentilly, La	1,278	.00414
Average	1,215	.00437
River Jct., Fla	1,288	.00411
Flomaton, Ala	1,084	.00498
Average	1,186	.00454

Louisville & Nashville R. R. (*Group No. 2*)—Continued.

[To Council Bluffs, Ia., via St. Louis, rate 29¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Graceville, Fla	1,194	.0046
McKenzie, Ala	1,103	.0032
Average	1,148	.0039
Catoma, Ala	1,044	.0055
Mobile, "	1,215	.0047
Average	1,129	.0051
Choctaw, Ala	1,222	.0047
Gentilly, La	1,348	.0040
Average	1,285	.0043
River Jct., Fla	1,358	.0047
Flomaton, Ala	1,154	.0032
Average	1,256	.0044

Southern Railway. (*Group No. 2.*)

[To Cleveland, Ohio, via Cincinnati, rate 31¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Pine Grove, Ga	946	.0055
Empire, "	880	.0070
Baxley, "	953	.0050
Fort Valley, "	852	.0072
Robinson, Ala	1,028	.0060
Bairds, "	988	.0064
Pine Hill, "	922	.0067
Lee, "	856	.0072
Taylor, "	813	.0076
Average	915	.0062

Central of Georgia Railway. (*Group No. 2.*)

	Miles.	Rate per ton per mile.
Phenix City, Ala	890	.0060
Chewacla, "	867	.0071
Searight, "	965	.0062
Girard, "	951	.0061
Perrys Mill, "	926	.0060
Cochrans, "	930	.0066
Average	921	.0063

Atlantic Coast Line. (*Group No. 2.*)

	Miles.	Rate per ton per mile.
Alaga, Ala	1,008	.0045
LaPine, "	899	.0069
Average	953	.0062

Southern Railway. (*Group No. 2.*)

[To Indianapolis, Ind., via Louisville, rate 26¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Pine Grove, Ga	771	.00674
Empire, "	715	.00755
Baxley, "	788	.00659
Ft. Valley, "	687	.00771
Robinson, Ala	853	.00609
Bairds, "	813	.00639
Pine Hill, "	749	.00694
Lee, "	681	.00763
Average	757	.00695

Central of Georgia Railway. (*Group No. 2.*)

	Miles.	Rate per ton per mile.
Phenix City, Ala	715	.00755
Chewacla, "	692	.00751
Searight, "	698	.00744
Girard, "	684	.00760
Perrys Mill, "	659	.00788
Cochrans, "	663	.00784
Average	685	.00763

Atlantic Coast line. (*Group No. 2.*)

	Miles.	Rate per ton per mile.
Alaga, Ala	741	.00701
LaPine, "	632	.00822
Average	686	.00761

Augusta Southern R. R. (*Group No. 3.*)

[To Indianapolis, Ind., via Louisville, rate 27¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Tennille, Ga	828	.00652
Galvans, "	745	.00724
Average	786	.00688

Central of Georgia Railway. (*Group No. 3.*)

	Miles.	Rate per ton per mile.
Griswold, Ga	680	.00794
Savannah, "	861	.00627
Average	770	.00710
Myrtle, Ga	800	.00875
Wise, "	674	.00801
Average	737	.00838
LaCrosse, Ga	716	.00754
Muscogee, Ala	663	.00814
Average	690	.00784

Georgia, Southern & Florida Ry. (*Group No. 3.*)

	Miles.	Rate per ton per mile.
Minneola, Ga.	814	.0063
Sofkee, "	678	.0076
Average	746	.0729

Macon, Dublin and Savannah R. R. (*Group No. 3.*)

	Miles.	Rate per ton per mile.
Vidalia, Ga.	702	.0070
Swift Creek, Ga.	675	.0080
Average	718	.0754

Atlantic Coast Line. (*Group No. 3.*)

	Miles.	Rate per ton per mile.
Waycross, Ga.	889	.0060
Donaldsonville, Ga.	753	.0071
Average	821	.0066
Brunswick, Ga.	857	.0063
Albany, "	777	.0084
Average	807	.0066

Seaboard Air Line Railway. (*Group No. 3.*)

	Miles.	Rate per ton per mile.
Meldrim, Ga.	798	.0067
Mitylene, Ala.	610	.0085
Average	704	.0079

Tifton & Northeastern R. R. (*Group No. 3.*)

	Miles.	Rate per ton per mile.
Fitzgerald, Ga.	757	.0071
Tifton, "	755	.0071
Average	756	.0071

Southern Railway. (*Group No. 2.*)

[To Springfield, Ills., via East St. Louis, rate 25¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Pine Grove, Ga.	1,028	.0048
Empire, "	972	.0051
Baxley, "	1,045	.0047
Ft. Valley, "	944	.0053
Robinson, Ala.	1,110	.0045
Bairds, "	1,070	.0046
Pine Hill, "	1,006	.0047
Lee "	938	.0053
Average	1,014	.0048

Central of Georgia Railway. (*Group No. 2.*)

[To Springfield, Ills., via East St. Louis, rate 25¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Phenix City Ala	947	.00514
Chewacla, "	949	.00526
Searight, "	955	.00523
Girard, "	941	.00531
Perrys Mill. "	916	.00545
Cochrans, "	920	.00543
Average	975	.00530

Atlantic Coast Line. (*Group No. 2.*)

[To Springfield, Ills., via East St. Louis, rate 25¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Alaga, Ala	998	.00501
La Pine, "	889	.00562
Average	948	.00531

Southern Railway. (*Group No. 2.*)

[To Dubuque, Ia., via Chicago, Ills., rate 29¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Pine Grove, Ga	1,151	.00503
Empire, "	1,095	.00529
Baxley, "	1,168	.00496
Ft. Valley "	1,067	.00543
Robinson, Ala	1,233	.00470
Bairds, "	1,193	.00486
Pine Hill "	1,129	.00513
Lee "	1,061	.00546
Average	1,137	.00510

Central of Georgia Railway. (*Group No. 2.*)

[To Dubuque, Ia., via Chicago, rate 29¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Phenix City, Ala	1,095	.00529
Chewacla, "	1,072	.00541
Searight, "	1,078	.00538
Girard, "	1,064	.00545
Perrys Mill, "	1,030	.00563
Cochrans, "	1,043	.00556
Average	1,063	.00545

Atlantic Coast Line. (*Group No. 2.*)

[To Dubuque, Ia., via Chicago, rate 29¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Alaga, Ala	1,121	.00517
La Pine, "	1,012	.00573
Average	1,066	.00545

Southern Railway. (*Group No. 2.*)

[To Chicago via Louisville, rate 26¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Pine Grove, Ga	965	.00538
Empire, "	909	.00572
Baxley, "	982	.00529
Ft. Valley, "	881	.00590
Robinson, Ala	1,047	.00496
Bairds, "	1,007	.00516
Pine Hill, "	943	.00552
Lee, "	875	.00594
Average	951	.00548

Central of Georgia Railway. (*Group No. 2.*)

[To Chicago via Louisville, rate 26¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Phenix City, Ala	909	.00572
Chewacla, "	886	.00587
Searight, "	892	.00582
Girard, "	878	.00592
Perrys Mill, Ala	853	.00609
Cochrans, "	857	.00606
Average	879	.00593

Atlantic Coast Line. (*Group No. 2.*)

[To Chicago, Ills., via Louisville, rate 26¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Alaga, Ala	935	.00557
La Pine, "	826	.00629
Average	880	.00593

Southern Railway. (*Group No. 2.*)

[To Chicago, Ills., via Cincinnati, rate 26¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Pine Grove, Ga	971	.00535
Empire, "	915	.00568
Baxley, "	988	.00526
Ft. Valley, "	887	.00587
Robinson, Ala	1,063	.00489
Bairds, "	1,023	.00508
Pine Hill, "	957	.00542
Lee, "	891	.00583
Taylor, "	848	.00613
Average	1,067	.00551

Central of Georgia Railway. (*Group No. 2.*)

[To Chicago, Ills., via Cincinnati, rate 26¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Phenix City, Ala.	925	.00562
Chewacla, "	902	.00576
Searight, "	1,000	.00520
Girard, "	986	.00527
Perrys Mill, "	961	.00572
Cochrans, "	965	.00538
Average	956	.00549

Atlantic Coast Line. (*Group No. 2.*)

[To Chicago, Ills., via Cincinnati, rate 26¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Alaga, Ala.	1,043	.00498
La Pine, "	934	.00556
Average	988	.00527

Southern Railway. (*Group No. 2.*)

[To Des Moines, Ia., via St. Louis, rate 27½¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Pine Grove, Ga.	1,275	.00431
Empire, "	1,219	.00451
Baxley, "	1,292	.00425
Ft. Valley, "	1,191	.00461
Robinson, Ala	1,357	.00405
Bairds, "	1,317	.00417
Pine Hill, "	1,253	.00437
Lee, "	1,185	.00464
Average	1,261	.00436

Central of Georgia Railway. (*Group No. 2.*)

[To Des Moines, Ia., via St. Louis, rate 27½¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Phenix City, Ala	1,219	.00451
Chewacla, "	1,196	.00459
Searight, "	1,197	.00459
Girard, "	1,188	.00463
Perrys Mill, "	1,163	.00472
Cochrans, "	1,167	.00471
Average	1,188	.00462

Atlantic Coast Line. (*Group No. 2.*)

[To Des Moines, Ia., via St. Louis, rate 27½¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Alaga, Ala	1,245	.00441
Lapine, "	1,136	.00484
Average	1,190	.00462

Rate per ton per mile from points named to St. Louis, Mo.

[Rate 18¢ per hundred pounds.]

	Miles.	Rate per ton per mile.
Texarkana, Ark., via Mo. Pacific Ry	490	.0734
Camden, " " " " "	460	.0782
Alexandria, La., " " " "	637	.0565
Yellow Pine, " " Meridian & M. & O.	803	.0449
Beaumont, Tex., " Shreveport, Cotton Belt and I. C.	803	.0449
Lake Charles, La., " " " " "	779	.0462
Average	662	.0577

Port Arthur route.

[I. C. C., No. 1376.]

From Ashdown, Ark., and south to Port Arthur and Lake Charles, incl., via Shreveport:

St. Louis	18 cents	via St. L. & S. W.
East St. Louis	19½	" I. C.
Cairo	17	" M. & O.

Cents per hundred pounds.

Points in Illinois on and south of C., C., C. & St. L., east of E. St. Louis to Mattoon, Ills., thence on and east of I. C. R. R. to Kankakee, Ills., incl., thence south of a direct line Kankakee to the Illinois-Indiana State line. Also to points east of Illinois-Indiana State line.

To Cairo, 16 cents per hundred pounds.

Effective October 8th, 1903.

Exhibit 3 to Gardiner's testimony, p. 158.

Statement of shipments of lumber in carloads from Eastman, Gardiner & Co.'s mills at Laurel, Mississippi, to points outside the State; also shipments to points in Mississippi and used locally.

Shipments to—	1902	1901.	1900.
Indiana	780	729	443
Illinois	478	300	155
Ohio	407	349	568
Missouri	210	119	91
Kentucky	207	370	428
Kansas	188	62	.....
Michigan	137	162	168
New England	133	71	151
Nebraska	114	153	.....
Iowa	109	46	9
Export	78	69	244
New York	58	53	107
Pennsylvania	56	34	180
Tennessee	49	137	52
Louisiana	29	11	20
Alabama	26	17	60
Oklahoma & Indian Territories	13	22	.....
South Dakota	12	3	.....
Wisconsin	15	5	9
Minnesota	8	15	.....
West Virginia	8	22	20
Colorado	1	1	.....
Canada	1	1	.....
New Jersey	.....	1	.....
Washington, D. C.	.....	1	.....
Maryland	2	1	1
	3,117	2,758	2,712
Mississippi, including used in local consumption	388	561	601
	3,505	3,317	3,313

EXHIBIT No. 3 to Mr. Gardiner's testimony.

Abstract G. & S. I., June 30, 1902.

Mileage	251
Capital stock authorized and issued	$5,000,000
Cash realized therefrom	"Record incomplete."
Issued for construction	1,000 shares.
Bonds issued	$7,621,000
Amt. outstanding	3,087,000
Cash realized on amt. bonds issued	"Can not state."
Debts outstanding	$913,982
Interest paid during year	185,872

FUNDED DEBT.

Amt. issued	7,696,045.30
Amt. outstanding	3,096,139.82
Interest paid during year	106,701.59

RECAPITULATION.

Capital stock	5,000,000
Funded debt	3,087,000
Total	8,087,000
Miles	251
Amt. per mile	$32,219.12

CONSTRUCTION.

Cost of road, equipment, and permanent improvements:	
(a) Total cost to November 1st, 1901	7,096,455.62
Including docks, wharves, and harbor	431,326.27
	6,665,129.35
Additions to June 30, 1903:	
Being construction account	7,856,236.68
To docks, wharves	683,926.27
	7,172,231.41

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Total equipment to June 30, '03	687,473.17
Do construction	7,856,236.68
Grand total	8,543,709.85
Per mile	34,038.68

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Gross earnings to June 30, 1902	1,374,684.22
Less operating expenses	921,828.88
Net	452,855.34

DEDUCTIONS.

Interest on funded debt	$171,003.80
" " interest-bearing current liabilities	4,307.65
Taxes	18,685.40
	193,996.85
Net income	258,858.49

No dividends.

Surplus from operating	258,858.49
Surplus on June 30, 1901	595,938.19
Additions for year	15,911.77
Deductions " "	593,932.92
Operating expenses, $67.06 a/c.	
Surplus on June 30, 1902	276,774.53

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Capital stock	5,000,000.00
Funded debt	3,096,139.82
Current liabilities	498,222.90
Sundries	362,110.34
	9,233,247.59

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Amt. mortgage per mile	12,228.80

COMPARISON, 1902–1903.

Average daily compensation 1902	164
" " " 1903	170
Increase, $2\frac{73}{100}\%$	6

Same for 1903.

Stock	5,050,000.00
Amt. outstanding, old bonds	16,000.00
New issue, 1902	4,591,000.00
	9,607,000.00
Bonds	4,607,000.00
Interest 5% pd. 1903	142,895.00
Interest at 5% would be	230,350.00

CAPITAL STOCK AND FUNDED DEBT.

251 mills per mile	38,274.90

1903.

CONSTRUCTION ACCOUNT.

Total	8,876,629.69
Including docks, wharves, and harbor	1,264,412.54
	7,612,217.15
Equipment	1,262,445.81

On page 29.

Grand total construction and equipment is put down at $10,138,075.56, or $40,394.72 per mile.

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GROSS EARNINGS 1903.

Total operating expenses	$1,051,687.46
In 1903 proportion of expenses	61.68
" 1902 " " "	67.06

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After all interest & taxes:	
Net income 1903	433,717.72
Dividend 2%	100,000.00
Surplus	333,717.72
Net income 1902	258,858.49
Surplus 1902	276,774.53
Increase over 65%	610,492.25

Ex. 2 to Gardiner's testimony, pg. 119.

Statement of Louisville & Nashville Ry., showing net profits after deducting from net income the following charges, interest on bond and loan rentals.

	1896.	1897.	1898.	1899.
Net income	$7,319,877	$6,950,153	$7,765,009	$8,568,543
Fixed charges	5,583,057	5,612,842	5,612,842	5,707,033
	1,736,820	1,337,311	2,152,857	2,861,510

	1900.	1901.	1902.	1903.
Net income	$9,789,017	$10,493,861	$10,810,841	$12,001,058
Fixed charges	5,782,181	5,965,274	5,819,092	6,390,005
	4,006,836	4,523,587	4,991,749	6,211,053

Memorandum to be inserted in record.

Memorandum.

Tariff of Missouri Pacific Railway amendment No. 1 to I. C. C. No. 5855, and also tariff of same company No. 5855 filed by Mr. Gardiner, omitted in printing for the reason that said tariffs are on file with the Interstate Commerce Commission, and can be referred to on hearing of this cause by counsel under stipulation of date July 14, 1905.

EXHIBITS FILED BY A. F. BARNETT.

Exhibit No. 1 to Mr. Barnett's testimony.

(See p. 534 testimony.)

Rates of freight.

(CARLOADS.)

[From commercial column, "The Daily Picayune," May 2nd, 1903.]

From New Orleans to—	Coffee.	Sugar.	Rice.	Molasses.	Cement.	Salt.	Naval stores (bri.).		Lumber.	Trop. fruits.	Miles.	Road.
							Rosin.	Turp.				
Chicago, Ill	22¢	21¢	28¢	25¢	13¢	19¢	25¢	30¢	26¢	40¢	922	I.C.
Cincinnati, O	22	16½	25	21	13	17	20	27½	23	42	830	Q. & C.
Louisville, Ky	20	15	22	19	12	15	19	25	21	39	789	I.C.
St. Louis, Mo	20	15	22	19	12	15	19½	25	20	43	706	I.C.
Cairo, Ill	20	15	20	17	10½	15	.....	22	16	39	558	I.C.
Kansas City, Mo	35	27	35	34	Brl. 56	18	27	35	23	63	879	I.C. Frisco.
Omaha, Neb	38	30	38	34	" 68	21	30	38	23	67	1,079	" "
St. Paul, Minn	40	30	40	35	" 68	23	23	40	33	68	1,210	I.C. & Q.
Pittsburg, Pa	32	30	32	32	.....	31	32	38	33	55	1,143	Q. & C. & Pa.
Philadelphia, Pa	40	36	36	36	.....	.....	.....	.....	31	.....	1,497	" "
Birmingham, Ala	47	17	25	17	15	14	.....	.....	12	39	348	Q. & C.
Chattanooga	52	20	25	20	16	18	19	26	14	39	491	Q. & C.
Atlanta, Ga	52	23	25	28	16	18	17	.....	.....	39	496	L. & N.-A. & W. P.
Nashville, Tenn	23	15	22	19	13	14	17	22	17	39	624	L. & N.

RATES PER TON.

Chicago, Ill	$4.40	$4.20	$5.00	$5.00	$2.00	$3.80	$5.00	$6.00	$5.20	$9.20	.....
Cincinnati	4.40	3.30	5.00	4.20	2.60	3.40	4.00	5.50	4.00	8.40	.....
Louisville	4.00	3.00	4.40	3.80	2.40	3.00	3.60	5.00	4.20	7.80	.....
St. Louis	4.00	3.00	4.40	3.80	2.40	3.00	3.90	5.00	4.00	8.60	.....
Cairo	4.00	3.00	4.00	3.40	2.10	3.00	.....	4.40	3.20	7.80	.....
Kansas City	7.00	5.40	7.00	6.80	2.80	3.60	5.40	7.00	4.60	12.60	.....
Omaha	7.60	6.00	7.60	6.80	3.40	4.20	6.00	7.60	4.60	13.40	.....
St. Paul	8.00	6.00	8.00	7.00	3.40	4.60	4.60	8.00	6.60	13.60	.....
Pittsburg	6.40	6.00	6.40	6.40	.....	6.20	6.40	7.60	6.60	11.10	.....
Philadelphia	8.00	7.20	7.20	7.20	.....	.....	.....	.....	6.20	.....	.....
Birmingham	9.40	3.40	5.00	3.40	3.00	2.80	.....	.....	2.40	7.80	.....
Chattanooga	10.40	4.00	5.00	4.00	3.20	3.60	3.80	5.20	2.80	7.80	.....
Atlanta	10.40	4.60	5.00	5.60	3.20	3.60	3.40	.....	.....	7.80	.....
Nashville	4.60	3.00	4.40	3.80	2.60	2.80	3.40	4.40	3.40	7.80	.....

RATES PER TON PER MILE.

Chicago	.0047	.0045	.006	.0054	.0028	.0041	.0054–	.0065	.0056	.0099	.....
Cincinnati	.0053	.0039	.006	.0050	.0031	.0040	.0048–	.0066	.0055	.0101	.....
Louisville	.0050	.0036	.0055	.0048	.0030	.0038	.0045–	.0063	.0053	.0098	.....
St. Louis	.0056	.0042	.0062	.0053	.0033	.0042	.0055–	.0069	.0056	.0121	.....
Cairo	.0071	.0053	.0071	.0060	.0039	.0053	.....	.0078	.0057	.0139	.....
Kansas City	.0083	.0061	.0083	.0077	.0031	.0040	.0063	.0079	.0052	.0143	.....
Omaha	.0070	.0055	.0070	.0063	.0031	.0038	.0055	.0070	.0042	.0124	.....
St. Paul	.0066	.0049	.0060	.0057	.0020	.0038	.0038	.0066	.0054	.0112	.....
Pittsburg	.0056	.0052	.0056	.0056	.....	.0054	.0055	.0066	.0057	.0097	.....
Philadelphia	.0053	.0048	.0048	.0048	.....	.....	.....	.....	.0041	.....	.....
Birmingham	.0279	.0097	.0143	.0097	.0086	.0080	.....	.....	.0068	.0022	.....
Chattanooga	.0211	.0081	.0101	.0081	.0065	.0073	.0077	.0105	.0057	.0158	.....
Atlanta	.0209	.0092	.0100	.0112	.0064	.0072	.0068	.....	.....	.0157	.....
Nashville	.0073	.0048	.0070	.0060	.0041	.0044	.0054	.0070	.0054	.0124	.....

VALUE PER TON.

								Lumber.	Bananas.		
	$137.50	$89.00	$90.00	$38.40	$8.75	$5.00	About $13.50	$49.95	$6.00 rough. 8.00 drsd.	$30.40	.....

Exhibit No. 2.—Mr. Barnett.

(See p. 545 testimony.)

Yellow pine lumber rates from South to St. Louis, Cairo, and Ohio River.

From—	Yellow pine					Cypress.			
	Miles.	Rate per 100.	Per ton.	Per ton mile.	Rate on a 2c advance.	Miles.	Rate per 100.	Per ton.	Per ton mile.
Illinois Central—									
New Orleans, La., to Cairo	560	14	$2.80	.005	16	$3.20	.0057		
Jackson, Miss., to Cairo	380	14	2.80	.0074	16	3.20	.0084		
Average haul to Cairo	470	14	2.80	.0059	16	3.20	.0068		
Yazoo & Mississippi Valley—									
Lutcher, La., to Cairo						580	13	2.60	.0045
Queen & Crescent—									
Nicholson, Miss., to Cincinnati	780	21	4.50	.0058	23	4.60	.0058		
Laurel, Miss., to Cincinnati	680	21	4.20	.006	23	4.60	.0067		
Average haul to Cincinnati	740	21	4.20	.0057	23	4.60	.0062		
Cotton Belt—									
Shreveport, La., to Cairo	450	14	2.80	.0062	16	3.20	.0071		
St. L., I. M. & S. Ry.—									
Monroe, La., to Cairo	448	14	2.80	.0062	16	3.20	.0071	15	2.60
Texarkana, Ark., to St. Louis	490	16	3.20	.0065	18	3.60	.0073		
Warren, Ark., to St. Louis	495	16	3.20	.0065	18	3.60	.0073	13	2.60
Alexandria, La., to St. Louis	640	16	3.20	.005	18	3.60	.0056	15	3.00
Average haul to St. Louis	540	16	3.20	.0059	18	3.60	.0067		
Monroe to St. Louis						540	15	3.00	.0056
Kansas City Southern—									
Beaumont to Kansas City, Mo	706	18	3.60	.0047					
Shreveport to Omaha, Neb	755	23	4.60	.0048					
Beaumont to Omaha, Neb	900	23	4.60	.006					
Gulf, Colo. & S. Fe., A. T. & S. F.—									
Beaumont to Chicago	1,441	25	5.00	.0035					
Beaumont to Kansas City	983	23	4.60	.0047					
Beaumont to Wichita	760	28½	5.70	.0075					
T. & P. & A. T. & S. Fe—									
Shreveport to Wichita	600	28½	5.70	.0095					
East of Mississippi and north of Ohio rivers—									
East St. Louis to Chicago	285	8	1.60	.0056					
Cairo to Chicago	365	10	2.00	.0055					
Thebes to Chicago	308	10	2.00	.005					
Cairo to Indianapolis	320	10	2.00	.0062					
Cairo to Detroit	500	14	2.80	.005					
Cairo to Cleveland	508	15	3.00	.005					
East St. Louis to Detroit	485	12	2.40	.0049					
Cairo to Pittsburg	690	18	3.60	.0053					
Cairo to New York	1,130	27	5.40	.0048					
Cairo to Boston	1,300	29	5.80	.0045					
Georgia to eastern New England cities—	Water competition via Pinners Point and N. Y. P. & N.								
Bainbridge, Ga., to Washington	865	22	4.40	.005					
Bainbridge, Ga., to New York	1,092	30	6.00	.0055	1,090	28	$5.60	.0051	
Bainbridge, Ga., to Baltimore	905	22	4.40	.0049					
Bainbridge, Ga., to Boston	1,306	33	6.60	.005	1,304	31	6.20	.0047	
Bainbridge, Ga., to Portland	1,420	33	6.60	.0046	1,418	31	6.20	.0044	
Bainbridge, Ga., to Richmond	750	20	4.00	.0053					
Bainbridge, Ga., to Philadelphia	1,002	27	5.40	.0054	995	24	4.80	.0048	
Southern Railway—									
Lumber City, Ga., to Cincinnati	675	21	4.20	.0062					
Lumber City, Ga., to Louisville	655	19	3.80	.0058					
Lumber City, Ga., to Pittsburg	988	30	6.00	.006					
Lumber City, Ga., to Chicago	983	24	4.80	.0049					
Lumber City, Ga., to Indianapolis	799	24	4.80	.006					
From the North—									
Minneapolis to Chicago	420	10	2.00	.0047					
Minneapolis to Detroit	692	19	3.80	.0055					
Minneapolis to Cincinnati	700	20	4.00	.0057					
Minneapolis to Cleveland	777	20	4.00	.0052					
Minneapolis to Pittsburg	890	22½	4.50	.005					
Minneapolis to Columbus	734	20	4.00	.0054					
Minneapolis to Indianapolis	605	18	3.60	.006					
Wausaw to Chicago	312	10	2.00	.0064					
Chicago to Detroit	272	9	1.80	.0066					
Chicago to Cincinnati	300	10	2.00	.0067					
Chicago to Cleveland	357	10	2.00	.0056					
Chicago to Pittsburg	408	12½	2.50	.0053					
Chicago to Columbus	314	10	2.00	.0064					
Chicago to Indianapolis	185	8	1.60	.0086					

Yellow pine lumber rates from South to St. Louis, Cairo, and Ohio River—Continued.

From—	Yellow pine.					Cypress.			
	Miles.	Yellow pine rate per 100.	Per ton.	Per ton mile.	Rate on a 2c advance.	Per ton.	Per ton mile.	Miles.	Rate per 100.	Per ton.	Per ton mile.
Pacific coast—											
Tacoma to Chicago	2,321	50	10.00	.0043							
Seattle to Chicago	2,341	50	10.00	.0042							
Tacoma to St. Louis	2,331	52½	10.50	.0045							
Seattle to St. Louis	2,351	52½	10.50	.0044							
Tacoma to Alliance, Neb	1,497	40	8.00	.0053							
Seattle to Alliance, Neb	1,517	40	8.00	.0053							
Tacoma to Denver, Colo	1,735	40	8.00	.0046							
Seattle to Denver	1,755	40	8.00	.0045							
Tacoma to Omaha, Neb	1,913	50	10.00	.0052							
Seattle to Omaha, Neb	1,933	50	10.00	.0052							
Tacoma to St. Paul, Minn	1,912	40	8.00	.0042							
Seattle to St. Paul, Minn	1,932	40	8.00	.0041							

EXHIBITS FILED BY C. W. ROBINSON.

[The C. W. Robinson Lumber Co., manufacturers long & short leaf yellow pine; daily capacity, 300,000 feet; office, Equitable Building. Mills: Pine Grove, Miss.; Carriere, Miss.; Ora, Miss; Weatherby Miss.; McNeill, Miss.; Landon, Miss.; Arundel, Miss.; Cates, Ala.; Tuscaloosa, Ala.]

NEW ORLEANS, LA., *Jan. 22, 1904.*

OFFICIAL STENOGRAPHER, INTERSTATE COMMERCE COMMISSION,
Washington, D. C.

DEAR SIR: In my testimony before the Commission in New Orleans I was asked by Mr. Green to file with my deposition a statement showing issues of capital stock of I. C. road, which capital stock from 1899 to 1902, inclusive, had been sold to stockholders at par, and I was also asked to show in this statement market value of this stock as it appears and the excess or overissue. I enclose statement herewith and request that you file same with my testimany.

Yours, truly,

C. W. ROBINSON.

EXHIBIT No. 1 to Mr. Robinson's testimony.

(See p. , testimony.)

[Queen & Crescent route. New Orleans & Northeastern Railroad Company. D. D. Curran, superintendent.]

NEW ORLEANS, LA., 10/25/1903. L.

Refer to file. Pad 1.

C. W. ROBINSON LUMBER CO.,
Equitable Building, New Orleans, La.

Car supply.

GENTLEMEN: I acknowledge your letter of October 23rd, from which I quote one paragraph reading as follows:

"There is badly needed at Clifton 4 box cars. These cars should be not less than 36 ft. long, and may be longer, to load with kiln-dried lumber for Meridian dressing. This lumber is damaged in the weather and has been ready to load for more than a week. We are being damed by your disinclination to furnish these box cars."

You are entirely wrong as to any disinclination on our part to furnish box cars to move your lumber. We have not the cars to furnish, and I therefore suggest you do as many other mills are doing on the line of road, namely, let your lumber be loaded on open cars, cover it with rough material to protect it while in transit. If you do this I have no doubt you can do a good deal towards moving accumulation now at your station.

Please understand, however, that the loading of this character of lumber on open cars will be a voluntary act on your part, and that the company will not in any manner assume any damage to the lumber from exposure or weather.

Yours, truly,

D. D. CURRAN,
Superintendent.

EXHIBIT No. 1 to Mr. Robinson's testimony.

(See p. , testimony.)

Form 929.

GULF AND SHIP ISLAND RAILROAD COMPANY,
GULFPORT, MISS., *May 1st, 1903.*

C. W. ROBINSON LUMBER CO.,
New Orleans, La.

GENTLEMEN: I have yours of the 29th ult., asking for cars to be placed for the Mason Lumber Co. for Cairo shipment.

We are getting very few I. C. cars, not over 10% on our orders, and it is impossible to promise that all orders will be filled. However, the best will be done. The I. C. promised that they will give us more cars. If they do, no doubt we will be able to help you out. I can assure you, however, that you will get your proportion of the cars.

I have on my desk this morning several letters from planers and mill men that have had to wait longer than the parties who ship to you for cars.

Yours, truly,

H. J. SCHEUING,
Train Master.
LANG.

EXHIBIT No. 1 to Mr. Robinson's testimony.

(See p. 175, testimony.)

[Deep Water route. Gulf & Ship Island R. R. Gulf and Ship Island Railroad Company, office of the train master. H. J. Scheuing, train master.]

GULFPORT, MISS., *May 9, 1903.*

Messrs. C. W. ROBINSON LUMBER CO.,
New Orleans, La.

GENTLEMEN: I have your favors of May 4th and May 7th in regard to furnishing Ralston some cars for shipments to C., C., C. & St. L. R. R. Co.

At the present time we are not getting more than about 5% of open cars on our orders.

We are filling orders in their turns, and will try to take care of these shipments soon.

Yours, truly,

H. J. SCHEUING,
Train Master.

HJS–J.

EXHIBIT No. 1 to Mr. Robinson's testimony.

(See p. , testimony.)

[Queen & Crescent route. New Orleans & Northeastern railroad Company. D. D. Curran, superintendent.]

NEW ORLEANS, LA., 10/19/1903. L.

Refer to file. Pad 1.

The C. W. ROBINSON LUMBER CO.,
Equitable Building, New Orleans, La.

GENTLEMEN: In response to your letter of October 17th, stating that it is imperative that 2 box cars be furnished at Watson spur and 4 box cars at Clifton at the earliest possible moment for kiln-dried, high grade lumber, it is useless for me to say that we will furnish these cars at an early date, but will do our very best in that direction. I suggest that you use coal cars or dumps to carry this lumber to Meridian, and we will make an effort to furnish them, putting on top of the dressed lumber a roof or shed of common boards. This method is practiced by other mills on line who are anxious to get lumber of this character to the planing mills at Meridian. If you adopt this suggestion, we will endeavor to move the lumber with very little delay.

Yours, truly,

D. D. CURRAN,
Superintendent.

EXHIBIT No. 2 to Mr. Robinson's testimony.

(P. 272, testimony.)

[All quotations are intended for immediate use and are subject to change without further notice than as required by law. Louisville & Nashville Railroad Company, office of the General Agent, 203 St. Charles street, under St. Charles Hotel. Omar H. Bartlette, general agent; J. E. Eaves, contracting agent; W. C. Wherritt, soliciting agent.]

NEW ORLEANS, LA., *Oct. 2, 1903.*

In your reply refer to file No. E 19.

The C. W. ROBINSON LUMBER CO.,
Equitable Building, City.

DEAR SIRS: Please refer to your letter Sept. 16th. I referred this matter to our G. F. A. for his decision, and he advises me that the present rate on yellow-pine lumber—carloads—from all of our stations south of Montgomery and Selma, including Cates, Ala., to St. Louis, Mo., is 22 cts. per 100 lbs. The rate from stations on the M. & O., N. O. & N. E., G. & S. I., and I. C. is 20 cts. We have never undertaken to carry as low rates on yellow-pine lumber as from stations on the roads named. We believe the rate of 22 cts. to St. Louis is properly in line with the rates we publish to other points, and I regret that we cannot meet your views and reduce the rate to 20 cts.

Yours, truly,

O. H. BARTLETTE, *G. A.*

Exhibit filed by Mr. Robinson.

Statement of issues of capital stock of I. C. R. R. and market prices of same.

1899 to 1900.		
Stock increased	7,500,000	
Market price	120	
If sold at market price, issue needed	6,250,000	
Excess		1,250,000
1901.		
Stock increased	6,000,000	
Market price	140	
If sold at market price, issue needed	4,285,000	
Excess		1,715,000
1901 & 1902.		
Stock increased	13,200,000	
Market price	140	
If sold at market price, issue needed	9,428,500	
Excess		3,771,500
1902 & 1903.		
Stock increased	15,840,000	
Market price	140	
If sold at market price, issue needed	11,314,000	
Excess		4,526,000
Excess		11,262,500

CORRESPONDENCE FILES OF M. P. WASHBURN AND C. C. CAMERON WITH REFERENCE TO ADVANCE IN RATES.

Exhibit No. 1 to Mr. Washburn's testimony.

(See p. 332, testimony.)

[File No. 4892. Previous correspondence ——. Subsequent correspondence ——. S. E. M. V. Association, office of the chairman. For declarations at —— board meeting, see File S ——. For declarations see File P ——.]

Subject:

Rates on pine lumber, laths, and shingles from producing pts. in Texas, Louisiana, Arkansas, Miss., and the southeast to all Miss. and Ohio River Xings between St. Louis and Cincinnati and pts. north.

[T. C. Powell, freight traffic manager. F. B. B. Southern Railway Company, office of freight traffic manager. File A, traffic manager.]

WASHINGTON, D. C., *January 2, 1903.*

301 A.

Rec'd 1/9/03.

Mr. T. J. HUDSON,
Traffic Manager, Chicago, Ills.

DEAR SIR: Rate adjustment: Rates on lumber from southern points to Ohio and Mississippi River crossings.

The rates on lumber and pig iron have generally been adjusted with relation to the price of the commodity.

We have advanced the rates on pig iron and we are contemplating a second advance in the early part of this year, and which I believe will not be opposed by southern furnaces. A second advance has already been made from Virginia furnaces.

The rates on lumber, however, are still much lower than they were about twelve years ago, while we are told that the profits are quite liberal.

The present car shortage and lack of motive power has induced shippers to say to us that they would be willing to pay higher rates if an ample supply of cars and quicker service can be maintained.

Only three days ago a party called to see me in Washington, offering to pay an advance over the present rate if we would furnish cars to one of our connections to be placed at a point about forty miles from our junction. We could not supply the cars and, in any case, I do not believe we could have legally charged more than the published rate.

At the present time, the basing rate from the south to Cairo is 7 cents less than the basing rate to Cincinnati. I believe that this differential can be reduced and that all lines east of the Mississippi River can afford to advance the basing rate to Cairo 2 cents per 100 pounds. This will advance a great many of the through rates to Central Freight Association territory, but will not advance the rates to Pittsburg territory, which is accessible via the Atlantic Seaboard, and therefore is subject to indirect water competition.

Do you see any objection to advancing the basing rate to Cairo 2 cents per 100 pounds? This will make Cairo 17 [16] cents and Cincinnati 22 cents from points on and south of a line drawn from Vicksburg, Miss., through Jackson and Meridian, Miss., Selma and Montgomery, Ala., to Savannah, Ga.

My suggestion would be that the advance in the rate be taken up from the prorating point, inasmuch as the differentials now allowed the initial lines are quite generous.

Yours, truly,

T. C. POWELL,
Freight Traffic Manager.

[General letter No. 1452.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Jan. 6, 1903.

File No. 2859–E.

To members:

Rates on lumber from A. & V. Ry. & N. O. & N. E. R. R. stations to Detroit, Mich.

At the 35th meeting of the association, subject 5578, and First Joint Convention S. E. M. V.–S. E. F. Associations, subject 102, under the caption "Yellow pine lumber from southern mills to Detroit, Mich.," the following recommendation was submitted:

"That a rate of 26 cents per 100 lbs. be established on yellow pine lumber from group No. 1 points to Detroit, Mich., with corresponding rates from other points of origin.

"The rate was discussed and no further action was taken in regard thereto."

Since the adjournment of the meeting, the following has been received from the G. F. A. of the Alabama & Vicksburg Ry. Co. and N. O. & N. E. R. R. Co. (his file G–1–2238):

"As a matter of information, I beg to advise that the N. O. & N. E. R. R. and the A. & V. Rwy. will establish on legal notice a rate

of 26 c. per 100 lbs. on lumber in carloads from stations on those roads to Detroit, Mich.

"You can give to members of the Southeastern Mississippi Valley Association such information as you think proper in the matter."

In accordance with the foregoing, the rate will be issued from A. & V. Ry. and N. O. & N. E. R. R. stations in rate advice No. 5510, effective January 16, 1903.

M. P. WASHBURN, *Chairman.*

(R/b)

[Rate advice No. 5510.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Jan. 6, 1903.

File No. S–5578.

Taking effect January 16th, 1903.

From stations on A. & V. Ry. and N. O. & N. E. R. R. to Detroit, Mich.	In cents per 100 lbs.
	Yellow pine lumber, C. L.
	26.

Issued in accordance with notice received from a member, as embodied in general letter No. 1452.

Supersedes all rates issued in conflict.

M. P. WASHBURN, *Chairman.*

(R/b)

[Telegram.]

SAVANNAH, GA., *Jan. 29th, 1903.*

C. C. CAMERON, *Louisville, Ky.:*

What was result of New Orleans conference concerning proposed advance lumber rates.

W. E. ESTES.

12.54 p. m.

Important.

Errata to proceedings of meeting of interested lines, held at the Southern Hotel, St. Louis, Jan. 30th, 1903, to consider rates on lumber, shingles, etc., from points in Southwestern Tariff Committee, Southeastern Freight, and Southeastern Mississippi Valley Ass'ns territories to St. Louis, Ohio River crossings, and points north thereof:

Please refer to page 2 of above-mentioned proceedings. Subject: "Rates on yellow pine lumber to Ohio River crossings and St. Louis," last paragraph, reading, "The foregoing was discussed and no further action was taken in regard thereto. The Asst. Genl. Frt. Agt. of the N. O. & N. E. R. R. withheld his views," and correct by erasing the sentence "The Asst. Genl. Frt. Agt. of the N. O. & N. E. R. R. withheld his views."

C. C. CAMERON, *Chairman.*

[Telegram.]

ST. LOUIS, *Jan. 30th, 1903.*

W. E. ESTES,
Central of Georgia Ry., Savannah, Ga.:

Lumber rates discussed at New Orleans and referred to meeting now in session here for further consideration. Subject has not yet come up.

C. C. CAMERON.

[Telegram.]

NEW ORLEANS, LA., *Feb. 1, 1903.*

C. C. CAMERON, *Louisville:*

Can not advise to-day regard advance in lumber rates. Mr. Steele will confer with president & advise you to-morrow.

J. D. GRANT.

[Telegram.]

SAVANNAH, GA., *Feb. 2, 1903.*

C. C. CAMERON, *Louisville, Ky.:*

Please advise conclusion reached at St. Louis concerning proposed advance lumber rates.

W. E. ESTES.

9.12 a. m.

[Telegram.]

NEW ORLEANS, LA., *Feb. 2, 1903.*

C. C. CAMERON, *Louisville, Ky.:*

Our line will agree to advance two cents hundred pounds rates on lumber to Ohio River crossings, leaving question of divisions to be considered afterwards. By executive officers wire soon as possible if advance will positively be made by all lines and what date effective.

T. F. STEELE.

[Illinois Central Railroad Company, office of general freight agent, Louisville. In replying please refer to file. A. S. Dodge, H. Miller, G. R. Knox, Lee McClung, D. M. Goodwyn, Wm. Gray, E. B. Lane, J. P. Park, C. E. Parkins, F. A. Wann, W. B. Groseclose, T. F. Steele, C. R. Capps, W. E. Estes, John M. Cutler, H. M. Emerson.]

LOUISVILLE, *Feby. 2nd, 1903.*

N. O. & N. E. advise will advance two cents per hundred pounds on yellow pine lumber, carloads, effective March first, to St. Louis, East St. Louis, Mississippi and Ohio River crossings, St. Louis to Cincinnati, both inclusive. Rates to all points north of the Ohio River, east of Mississippi River, and west of western termini of trunk lines to be made on lowest combination. Matter of divisions to be settled with their connections later. Have notified all parties interested advance would be made effective March first. B 2.

C. C. CAMERON, *Chairman.*

Western Union 10567.

[Telegram.]

St. LOUIS, Mo., *Feb. 2–03.*

C. C. CAMERON, *Louisville:*

File A. We have advice that General Manager Harvey has instructed his traffic department to agree to the advance in lumber rates discussed at St. Louis meeting on thirtieth, leaving open question as to what proportion of said advance they were to receive.

Unless you have received Steele's affirmative vote, suppose you get it; also will you, either as chairman or through Mr. Washburn, notify all concerned, in order that the advance may be made effective March first?

HAIDEN MILLER.

4.26 p. m.

[Telegram.]

FEBY. 2nd, 1903.

HAIDEN MILLER, *St. Louis, Mo.:*

Your file A. Am notifying all lines to make advance in lumber rates, effective March first. B–2.

C. C. CAMERON, *Chairman.*

[Telegram.]

LOUISVILLE, *Feby. 2nd, 1903.*

G. W. CALE,
S. F. PARROTT:

At meeting St. Louis, January thirtieth, announcements made by all lines that advance of two cents per hundred pounds would be made in rates on yellow pine lumber from all producing points located in Texas, Arkansas, Louisiana, Mississippi, Alabama, and the southeast to St. Louis, East St. Louis, and Mississippi River crossings, St. Louis to Cincinnati, both inclusive, all points located east of Mississippi River, north of Ohio River, and west of western termini of trunk lines to be made on lowest combination. Please communicate information to members promptly. B 2.

C. C. CAMERON, *Chairman.*

Western Union 10567.

[Nashville, Chattanooga & St. Louis Railway. Geo. R. Knox, genl. freight agent; Charles Barham asst. genl. freight agent.]

NASHVILLE, TENN., *February 3rd, 1903.*

In replying, please refer to 3398 S.

Rate adjustment: Rates on lumber from southeastern territory to Ohio River crossings, St. Louis, and East St. Louis.

Mr. C. C. CAMERON,
Chairman, Louisville, Ky.

DEAR SIR: This will acknowledge receipt of your wire 2nd instant, advising that the N. O. & N. E. Rwy. will make advance of 2 cents per hundred pounds in rates on pine lumber, carloads, to St. Louis and East St. Louis and Ohio River crossings, effective March 1st, 1903. We have extended advice to southeastern lines accordingly.

I believe you contemplate advising Chairman Parrott of the action taken at St. Louis. I have requested individual southeastern lines to promptly file with Chairman Parrott, upon receipt of advice from him communicating the intelligence which you will convey to him regarding the meeting, their declarations providing for the advance so that it may be made effective on March 1st, 1903, as contemplated.

Yours, truly,

GEO. R. KNOX,
General Freight Agent.
L. T. L.

[Telegram.]

ATLANTA, GA., *Feb. 3, 1903.*

C. C. CAMERON, *Louisville, Ky.:*

Referring to telegram this date, following traffic officials here to-day, Winburn, Emerson, Capps, Niel, and Cutler, suggest revised lumber rates be made effective March first. Was any date named in St. Louis announcements on which revised lumber rates would be made effective?

S. F. PARROTT.

1.46 p. m.

[Telegram.]

ATLANTA, GA., *Feb. 3, 1903.*

C. C. CAMERON, *Louisville, Ky.:*

Your wire yesterday, B–2. Were announcements made at St. Louis meeting Jany. thirtieth by initial lines in this territory; in in other words, will it be necessary for lumber originating lines in this territory to discuss or interchange views regarding matter? Will communicate the information promptly to members.

S. F. PARROTT.

11.14 a. m.

[Telegram.]

LOUISVILLE, *Feby. 3rd, 1903.*

S. F. PARROTT, *Atlanta, Ga.:*

Your two wires to-day regarding advance in lumber rates. Action of St. Louis meeting taken in connection with meetings previously held at St. Augustine and New Orleans was final, and unnecessary for you to submit matter to your members for further expression of their views. My wire yesterday should have stated that March first was fixed as the date new rates would be made effective, and will be obliged if you will communicate this to your members promptly. B 2.

C. C. CAMERON, *Chairman.*

Western Union 10567.

4892–2859–A.

FEB. 3, 1903.

Mr. G. W. CALE,
Chairman, St. Louis, Mo.

DEAR SIR: Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, and the Southeast, to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

I attach hereto a copy of our general letter, No. 1490, showing recommendations submitted at meeting of interested lines, at Southern Hotel, St. Louis, Mo., January 30th, 1903. We are now in correspondence with our members and with the Southeastern Freight Association relative to the advances proposed. Will you be good enough to say, if, in the event our members concur in the recommendations submitted, that your lines will advance the rates from Texas, Arkansas, and Louisiana to correspond with the advance in rates from the territory of this and the Southeastern Freight Association. In other words, will the rates from Texas points be

established on the basis of 20 cents per 100 lbs? In the event we should wire you within the next few days that southern lines have agreed to advance the rates from this territory, effective March 1st, 1903, will you be prepared to issue the advanced rates for account of your line from Texas, Arkansas, and Louisiana, effective the same date? Will appreciate a prompt reply.

Yours, truly,

R–w *Chairman.*

4892–2859–A.

FEB. 3, 1903.

Mr. THOS. P. HALE,
G. F. A., Gulf & Ship Island R. R., Gulfport, Miss.
Mr. L. B. SULLIVAN,
G. F. A., M. J. & K. C. R. R., Mobile, Ala.

GENTLEMEN: Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, and the Southeast, to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

I hand you herewith a copy of our general letter, No. 1490, which is explanatory. It is our understanding that our lines are favorable to all of the recommendations named therein, and we are now endeavoring to secure assurances from all interested that the advances will be made effective March 1st, 1903.

I have been requested to communicate with each of you and ascertain if it will be your purpose to advance the rates from points on your line two cents per hundred pounds to correspond with the advance from other local stations contiguous thereto.

Will appreciate a reply by return mail.

Yours, truly,

R–w *Chairman.*

4892–2859–A.

FEB. 3, 1903.

Mr. S. F. PARROTT,
Chairman, Atlanta, Ga.

DEAR SIR: Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, and the Southeast, to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

I hand you herewith a copy of our general letter, No. 1490, showing recommendations submitted at meeting of interested lines, St. Louis, January 30th, 1903. All of the propositions named received favorable consideration, and request has been made that the advance in rates on yellow pine lumber from all points indicated to Ohio and Mississippi River crossings, etc., be published, effective March 1st, 1903.

Will you be good enough to submit the same to your members by wire and advise result at the earliest practicable moment? I believe this question was discussed on the side during the second joint convention at St. Augustine, Fla., and my understanding is

that your interested lines expressed favorable views regarding the proposed advance.

Will you please endeavor to secure declarations at once? Let me hear from you as early as practicable, and oblige,

Yours, truly,

R–w *Chairman.*

[General Letter No. 1490.]

Files Nos. 4892 and 2859–A.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., February 3, 1903.

To Members:

Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

A meeting of interested lines was held at the Southern Hotel, St. Louis, Mo., January 30th, 1903, to discuss rates on lumber from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and Southeastern points to St. Louis, East St. Louis, and all Mississippi and Ohio River crossings between St. Louis and Cincinnati.

The following lines were represented: Illinois Central Railroad—C. C. Cameron, W. M. Rhett, W. L. Smith, J. Hattendorf; K. C. M. & B. R. R.—A. S. Dodge; L. & N. R. R.—D. M. Goodwyn; M. & O. R. R.—Haiden Miller, J. M. Denyven; N. C. & St. L. Ry.—E. T. Eckles; N. O. & N. E. R. R.—J. D. Grant; Southern Railway—Lee McClung, R. A. Campbell; C. & A. Ry.—G. B. Simpson; Burlington Route—W. Gray; Missouri Pacific Ry.—E. B. Lane; Frisco System—A. S. Dodge, Wm. Campbell, F. C. Dumbeck, E. J. Knickerbocker; St. Louis Southwestern Ry.—J. P. Park; Kansas City Southern Ry.—C. E. Perkins; M. K. & T. Ry.—F. J. Hoffman.

Yellow-pine lumber to Ohio River crossings and St. Louis.

The following recommendations were submitted:

"Recommended, for consideration, that an advance of two cents per hundred pounds in the rates on yellow pine lumber, C. L., be made from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama and the southeast to St. Louis, East St. Louis, and all Mississippi River and Ohio River crossings between St. Louis and Cincinnati, including those points, effective March 1st, 1903."

A subcommittee consisting of Messrs. Denyven and Perkins was appointed to bring the foregoing to the attention of meeting of Southwestern Tariff Committee, then in session in Fullerton Building.

The matter was regularly laid before the Southwestern Tariff Committee and the following recommendation was discussed by that organization and referred back to the aforesaid meeting of interested lines as expressing their views in the premises:

"Recommended, that contingent upon like advances from Arkansas and Louisiana, the same advances in lumber rates be made

from Texas points to Mississippi River crossings, Cairo and North; also Ohio River crossings that are made from the yellow-pine districts in the southeast, it being understood, however, that the right is reserved to make rates from Texas points no higher than rates from the southeast."

The foregoing were discussed and no further action was taken in in regard thereto.

The assistant general freight agent of the N. O. & N. E. R. R. withheld his views.

Pine lumber to points north of the Ohio River, etc.

The following recommendation was also submitted:

"Recommended, that the rates on pine lumber to all points north of the Ohio River and east of the Mississippi River and west of the western termini of trunk lines shall be made on lowest combination basis."

After discussion no further action was taken with respect to this proposition.

Shingles from Mobile, Ala., to Ohio River crossings, St. Louis and points basing thereon.

The question of rates on shingles from Mobile, Ala., was discussed during the session and announcements were made by the general freight agents of the Mobile & Ohio Railroad and Louisville & Nashville Railroad, that effective March 1st, 1903, they will advance their rates on shingles two cents per hundred pounds from Mobile, Ala., to Ohio River crossings, St. Louis and points basing thereon, provided that no lower totals than those so made from Mobile are applied from New Orleans, Plaquemine, and other shingle-producing points adjusted with relation thereto.

Members desiring to operate the advance of two cents per hundred pounds from their respective territories to Ohio and Mississippi River crossings, St. Louis to Cincinnati, inclusive, on yellow-pine lumber, C. L.; also lines desiring to make rates on lumber, C. L., from their respective territories to points north of the Ohio and east of the Mississippi Rivers, on basis of lowest combination, are respectfully requested to file their individual, written declarations with the undersigned; also those members desiring to operate rates on shingles from Mobile, New Orleans, and Plaquemine to Ohio River crossings, St. Louis, and points basing thereon, made two cents higher than rates now in effect from those points, are respectfully requested to file declarations of their purpose with the chairman.

R–w M. P. WASHBURN, *Chairman.*

LOUISVILLE & NASHVILLE RAILROAD COMPANY,
Louisville, Ky., February 3rd, 1903.

Mr. M. P. WASHBURN,
Chairman, S. E. M. V. Assn., Louisville, Ky.

DEAR SIR: Rates on lumber.

This is to advise that effective March 1st, 1903, it is the purpose of the Louisville & Nashville Railroad to advance the present rates on yellow-pine lumber, carloads, to the extent of two cents per

hundred pounds from all points on its line to St. Louis, East St. Louis, and to Mississippi and Ohio River crossings, St. Louis to Cincinnati, both inclusive. Rates on yellow-pine lumber to all points north of the Ohio River, east of the Mississippi River and west of the western termini of the trunk lines will be made on lowest combination, effective March 1st.

I would suggest that you convey this information by circular letter to all lines in the Southeastern Mississippi Valley Association and also to the chairman of the Southeastern Freight Association.

Yours, truly,

D. M. GOODWYN,
General Freight Agent.

[Telegram.]

ST. LOUIS, MO., *Feb. 4th, 1903.*

M. P. WASHBURN,
Chairman, Louisville, Ky.

File A, recalling conference yesterday advance in lumber rates effective March first, please let us have your notice promptly, and don't fail to see that Cale and Parrott are advised in line with our talk.

HAIDEN MILLER.

12.20 p. m.

(Copy.)

ILLINOIS CENTRAL RAILROAD COMPANY,
Louisville, Feby. 4th, 1903.

Mr. M. P. WASHBURN,
Chairman, S. E. M. V. Asso'n., Louisville.

DEAR SIR: Please be advised that we will issue, effective March 1st, revised rates on yellow-pine lumber, carloads, from all producing points on these lines to St. Louis, East St. Louis, and to all Mississippi and Ohio River crossings between St. Louis and Cincinnati, including those points, based two cents higher than the present rates.

We will also revise our rates to points north of the Ohio River, east of the Mississippi River, and west of the western termini of the trunk lines, making them not less than lowest combination.

Kindly acknowledge receipt.

Yours, truly,

C. C. CAMERON,
General Freight Agent.
HATTENDORF.

(Copy.)

SOUTHERN RAILWAY COMPANY,
Louisville, Ky., Feb. 4, 1903.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Rate adjustment: Revision of rates on pine lumber from southern producing points to Ohio River crossings and beyond.

Please be advised of the intention of the Southern Ry. to advance its rates, effective March 1st, on yellow-pine lumber, carloads, from all producing points on its line in Alabama, Mississippi, and the southeast, to Cincinnati, Louisville, Evansville, Cairo, Hickman, Belmont, St. Louis, East St. Louis, and Belleville, and points made with relation thereto, 2 cents per hundred pounds, and also to participate with its

connections in rates 2 cents per hundred pounds higher than at present to same destinations from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast.

Further, that to all points north of the Ohio River and east of the Mississippi River and west of the western termini of the trunk lines, we will make totals on basis of lowest combination.

Yours, truly,

LEE MCCLUNG, *A. F. T. M.*
S.

(Copy.)

SOUTHERN RAILWAY COMPANY,
Louisville, Ky., Feb. 4, 1903.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Rate adjustments: Rates on shingles from Mobile, Ala., to Ohio River crossings, etc.

Please be advised that, effective March 1st, the Southern Railway will advance its rate on shingles 2 cents per hundred pounds from Mobile, Ala., to Ohio River crossings, St. Louis and points basing thereon, provided that not lower totals than those so made from Mobile are published from New Orleans, Plaquemine, and other shingle-producing points adjusted with relation thereto.

Yours, truly,

LEE MCCLUNG, *A. F. T. M.*
S.

(Copy.)

FEB. 4, 1903.

Mr. W. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Rate adjustment: Revision of rates on pine lumber from southern producing points to Ohio River crossings and beyond.

Please be advised of the intention of the Southern Ry. to advance its rates, effective March 1st, on yellow-pine lumber, carloads, from all producing points on its line in Alabama, Mississippi, and the Southeast, to Cincinnati, Louisville, Evansville, Cairo, Hickman, Belmont, St. Louis, East St. Louis, and Belleville, and points made with relation thereto, 2 cents per hundred pounds, and also to participate with its connections in rates 2 cents per hundred pounds higher than at present to same destinations from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast.

Further, that to all points north of the Ohio River and east of the Mississippi River, and west of the western termini of the trunk lines, we will make totals on basis of lowest combinations.

Yours, truly,

LEE MCCLUNG, *A. F. T. M.*
S.

Cy to Mr. Powell.
Cy to Mr. Niel.

[Telegram.]

FEB. 4, 1903.

HAIDEN MILLER, *G. F. A., St. Louis, Mo.:*

Your wire to-day. See general letter fourteen hundred and ninety, which went to you last night, asking for declaration on advanced

lumber rates from the South and West. Am in communication with Cale, Parrot, Hale, and Sullivan.

M. P. WASHBURN.
R–w.

Ans. to D–H No. 435.

YAZOO & MISSISSIPPI VALLEY RAILROAD COMPANY,
Louisville, Feby. 4th, 1903.

Mr. M. P. WASHBURN,
Chairman, S. E. M. V. Asso'n., Louisville.

DEAR SIR: Please be advised that we will issue, effective March 1st, revised rates on yellow-pine lumber, carloads, from all producing points on these lines to St. Louis, East St. Louis, and to all Mississippi and Ohio River crossings between St. Louis and Cincinnati, including those points, based two cents higher than the present rates.

We will also revise our rates to points north of the Ohio River, east of the Mississippi River, and west of the western termini of the trunk lines, making them not less than lowest combination.

Kindly acknowledge receipt.

Yours, truly,

C. C. CAMERON,
General Freight Agent.
HATTENDORF.

[Southwestern tariff committee, office of chairman, Fullerton Building, Geo. W. Cale, chairman.]

ST. LOUIS, MO., *February 5th, 1903.*

Please refer to file 8100.

Rates on lumber.

Mr. M. P. WASHBURN,
Chairman, S. E. M. V. Ass'n., Louisville, Ky.

DEAR SIR: I have yours of the 3rd inst., your file 4892–2859–A, under caption: Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, and the southeast to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

Note your request that I advise you if, in the event members of your committee concur in the recommendations submitted in your general letter 1490, the Texas lines will advance the rates from Texas to correspond with the advance in rates from the Southeastern Mississippi Valley and Southeastern Freight associations; in other words, will the rates from Texas points be established on the basis of 20 cents per 100 lbs.

Replying, will say that the members of the southwestern tariff committee individually expressed their views in recommendation substantially as follows:

"That, effective March 1st, 1903, contingent upon a like advance from Arkansas and Louisiana, same advances in lumber rates be made from Texas points to Mississippi River crossings, Cairo, and north; also Ohio River crossings that are made from Yellow Pine districts in the southeast; it being understood, however, that the right is reserved to make rates from Texas points to Mississippi River crossings, Cairo, and north, no higher than the rates from the southeastern lumber-producing territory."

You will no doubt understand from the foregoing that it was the intention of lines individually to advance the rates 2 cents per 100 lbs. where it might be deemed practicable to bring about such advance. This based on the fact that when lumber rates were last advanced by Texas lines the parity as between rates from southeastern territory and Texas territory was not strictly observed. In other words, higher rates were carried from Texas producing points than were carried from the southeast under former adjustment; in other words, the Texas lines understand the agreement to be that they can carry the same rates if they deem it advisable so to do. The opinion, however, was pretty generally expressed that it was their desire to get the full advance of 2 cents from Texas producing points to the territory named in the foregoing recommendation, but if this could not be done the members want it distinctly understood that they do not feel they would be violating any understanding if they should carry the same rates from Texas as apply from the southeast, based on the two-cent advance contemplated; but this adjustment may not comprehend an advance of two cents from all producing stations in Texas.

In communicating the above I do so as chairman of the southwestern tariff committee only. Matter of advance from Arkansas will, no doubt, be brought up at the next meeting of the Arkansas freight committee, which will convene at Hot Springs on Tuesday next, the 10th inst.

Further, the undersigned has no voice in matters pertaining to rates from Louisiana points, so it would appear to him that it will be impossible to answer you intelligently with reference to advances from Arkansas and Louisiana until those lines are heard from.

Yours, truly,

G. W. CALE,
Chairman.

[Telegram.]

FEBRUARY 5th, 1903.

T. F. STEELE, *New Orleans, La.:*

B–2. Advance two cents on yellow pine lumber will not apply to western termini points. Understand matter of rates to eastern cities and western termini will be further considered at association meeting.

C. C. CAMERON.

W. U. 10567.

[Mobile & Ohio Railroad Co. General freight department. Haiden Miller, general freight agent; J. M. Denyven, assistant general freight agent.]

ST. LOUIS, MO., *February 5th, 1903.*

In replying please refer to file No. 77676A.

Advance in rates on yellow pine lumber, etc., from points in the South to points on and north of the Ohio and east of the Mississippi rivers.

Mr. M. P. WASHBURN,
Chmn., Louisville, Ky.

DEAR SIR: Referring to your files 4892 and 2859 A, your general letter No. 1490.

Please be advised that it is the purpose of the Mobile & Ohio Railroad to advance the present rates on yellow pine lumber from points

on its line and from junctions where it receives business from connections to St. Louis, East St. Louis, and all Mississippi River and Ohio River crossings between St. Louis and Cincinnati, effective March 1st, 1903, two cents per one hundred pounds, and on the same date it is the purpose of this company to make rates on yellow pine lumber from the same points of origin to all points north of the Ohio River and east of the Mississippi River and west of the western termini of trunk lines on lowest combination.

Yours, truly,

HAIDEN MILLER,
General Freight Agent.

[Gulf and Ship Island Railroad Co. Office of general freight and passenger agent.]

GULFPORT, MISS., *Feb. 5th, '03.*

In your reply refer to 10523.

Mr. M. P. WASHBURN,
Chairman, S. E. M. V., Louisville, Ky.

DEAR SIR: Your favor 3rd, file 4892, 2859 A. We are pleased to advise that we have already issued instructions relative to proposed advance in pine lumber rates our stations to Ohio and Miss. River crossings. The I. C. will issue a new tariff, which will apply from our stations. Consequently their publication will establish the advance in rates of 2 cents per hundred.

Yours, truly,

THOS. P. HALE, *G. F. A.*

[Mobile, Jackson & Kansas City R. R.]

MOBILE, ALA., *Feb. 5, 1903.*

Mr. M. P. WASHBURN,
Chairman S. E. Miss. Valley Association, Louisville, Ky.

DEAR SIR: Your joint letter of Feb. 3rd, file 4892–2859–A, with reference to proposed advance in the rates on pine lumber, laths, and shingles from points in Texas, Louisiana, Arkansas, Mississippi, and the southeast to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north, at hand. I do not see how we can oppose the same advances being effective from our stations as will be operated from other territories contiguous thereto. You can therefore give such advices to all concerned.

Yours, truly,

L. B. SULLIVAN,
General Freight Agent.

(Copy.)

New Orleans & Northeastern Railroad Company. Alabama & Vicksburg Railway Company. Vicksburg, Shreveport & Pacific Railway Company.]

NEW ORLEANS, LA., *Feb. 6th, 1903.*

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Shingles: New Orleans to Ohio River crossings, St. Louis, and East St. Louis.

Referring to your general letter No. 1490, dated Feb. 3rd, 1902.

These lines will advance the rate on shingles from New Orleans to Ohio River crossings, St. Louis, and East St. Louis two (2) cents per

100 pounds, provided corresponding advances are operated from Mobile and other shingle-shipping points.

Yours, truly,

T. F. STEELE, *G. F. A.*

(Copy.)

New Orleans & Northeastern Railroad. Alabama & Vicksburg Railway Company. Vicksburg, Shreveport & Pacific Railway Company.]

NEW ORLEANS, LA., *Feb. 6th, 1903.*

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Pine lumber: N. O. & N. E., A. & V., and V., S. & P. stations to Ohio and Mississippi River crossings.

Referring to your general letter No. 1490, February 3rd, 1903, relative to proposed advance on pine lumber, laths, and shingles from lumber-producing points in Texas, Louisiana, etc., to Ohio and Mississippi River crossings.

These lines will establish, effective March 1st, rates on yellow pine lumber to Ohio and Mississippi River crossings two (2) cents per 100 pounds higher than the present established rates. Rates to points north of the Ohio and east of the Mississippi rivers basing thereon to be made on straight combination.

It is of course understood that other interested lines will also establish from their stations.

Yours, truly,

T. F. STEELE, *G. F. A.*

[Telegram.]

MACON, GA., *Feb. 6th, 1903.*

C. C. CAMERON, *Louisville, Ky.:*

We have advice from Mr. Parrott of the proposed advance of two cents per hundred pounds in lumber rates from southeastern points to Ohio River crossings and western points, effective March 1st. The lines agreeing to the advance have done so without consulting this company. Their action is an unusual one so far as the advance from G. S. & F. stations is concerned. We therefore respectfully protest against the proposed advance unless we are accorded a proportionate increase in our earnings. We are, however, agreeable, under the circumstances, to publishing the advance of two cents per hundred lbs., from G. S. & F. stations, effective March first, with the understanding that we receive one-half cent additional in our proportions up to Cordele and Macon, and with the further understanding that advanced rates from branch lines be divided by allowing said branch line arbitraries not to exceed those at present in effect, the balance of the rate to be divided upon present basis. Please advise if the above basis for dividing is satisfactory to, and I will give notice of the advance to branch lines and issue rates and divisions.

J. M. CUTLER.

644 pm.

[Telegram.]

ST. LOUIS, MO., *Feb. 6th, 1903.*

C. C. CAMERON, *G. F. A., Louisville, Ky.:*

File A. Have just wired all of our connections interested, both in Mississippi Valley and southeast, as follows: "Referring to advance

of two cents per hundred pounds of yellow pine lumber from the south to Ohio River points, St. Louis, and East St. Louis, and points basing thereon, effective March first, nineteen three. Please be advised that we are unwilling to allow any part of this advance towards increasing the proportions now allowed your company on lumber delivered to us at junctions with your line, and this will be notice that we expect to take up the entire advance of two cents per hundred pounds in our proportion."

HAIDEN MILLER.

(Copy.)

FEBRUARY 7TH, 1903.

Rates on yellow-pine lumber, southeastern territory to Ohio and Mississippi River crossings.

The Nashville, Chattanooga & St. Louis Rwy., for itself and its connections, declares its purpose of making an advance of two cents per hundred pounds in rates on yellow-pine lumber—carloads—from points in Georgia, Florida, and Alabama at which it may have interest to Nashville, Hickman, Belmont, Columbus, Memphis, Ohio River crossings St. Louis and East St. Louis, effective March 1st, 1903.

GEO. R. KNOX,
General Freight Agent.

[Telegram.]

JACKSON, TENN., *Feb. 7, 1903.*

M. P. WASHBURN,
Columbia Bldg., Louisville, Ky.:

Your proceedings of lumber meeting Jany. thirtieth show views of Northeastern road withheld. This leaves question in improper shape. Steele telegraphed me that he would announce two cents advance from his stations, effective March first. If proceedings allowed to remain in this shape it will complicate conditions and probably prevent advance. Please issue new proceedings, omitting reference to Northeastern road withholding views. Answer care our agent, Aberdeen, Miss.

C. C. CAMERON.

11.27 a. m.

RUSTON, LA., *Feb. 7, 1903.*

M. P. WASHBURN,
Columbia Bldg., Louisville, Ky.:

Has your association given notice of an advance of two cents on yellow-pine lumber to Ohio and Mississippi River crossings March first from southern producing points?

W. H. QUIGG.

FEB. 7, 1903.

W. H. QUIGG, *Ruston, La.:*

Your wire to-day. Several interested members have already declared their purpose to advance rates on yellow-pine lumber from their points in southern territory to Ohio and Mississippi River crossings, effective March first. Chairman Cale also advises similar

notice from his members. Will you advance from your stations effective same date?

M. P. WASHBURN.

Collect. R-w.

FEBRUARY 7TH, 1903.

S. F. PARROTT, *Atlanta, Ga.:*

See letter third, proposed advanced rates on pine lumber southern points to Ohio and Mississippi River crossings. Are you in position to publish from your territory effective March first? Answer.

M. P. WASHBURN.

Half rate 1927.

4892.

FEB. 7TH, 1903.

Mr. LEE MCCLUNG,
A. F. T. M., Louisville, Ky.:

DEAR SIR: Proposed advance in the rates on pine lumber, laths, and shingles, from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the southeast to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

Please refer to general letter No. 1490.

Will you please send me by prompt mail your written individual declaration covering the advance in the rates proposed.

Yours, truly,

Rb. *Chairman.*

Genl. letter issued 4/7/03—J. C. B., jr.

1499.

General letter No. 1499.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., February 7, 1903.

[Files Nos. 4892 and 2859-A.]

To Members:

Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the southeast to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

Please refer to general letter No. 1490, subject as above, dated Feb. 3rd, 1903, and be advised that the general freight agent of the N. O. & N. E. R. R. and A. & V. Ry. has now expressed favorable views on the proposed advance of 2 cents per 100 lbs. on lumber from southern points to all Ohio and Mississippi River crossings. Furthermore, replies have been received in answer to general letter No. 1490 from the general freight agents of the I. C. R. R., Y. & M. V. R. R., L. & N. R. R., M. & O. R. R., Gulf & Ship Island R. R., M., J. & K. C. R. R., N. O. & N. E. R. R., A. & V. Ry., V., S. & P. Ry., and A. F. T. M. of the Sou. Ry., announcing their purpose to advance rates on lumber from stations on their lines to St. Louis and East St. Louis and all Mississippi and Ohio River crossings between St. Louis and Cincinnati, including these points, effective March 1st, 1903.

The general freight agents of the I. C. R. R., Y. & M. V. R. R., L. & N. R. R., M. & O. R. R., N. O. & N. E. R. R., A. & V. Ry.,

V., S. & P. Ry., and A. F. T. M of the Sou. Ry. have also announced that, effective the same date, they will operate rates on yellow pine lumber to all points north of the Ohio River, east of the Mississippi River, and west of the western termini of the trunk lines, made on lowest combination.

Further, the general freight agents of the M. & O. R. R., A. G. S. R. R., I. C. R. R., Y. & M. V. R. R., N. O. & N. E. R. R., A. & V. Ry., V., S. & P. Ry., and A. F. T. M. of the Sou. Ry. have filed individual declarations announcing their purpose to advance the present rates from Mobile, New Orleans, and other shingle points in which they are interested to Ohio River crossings, St. Louis, and points basing thereon 2 cents per 100 lbs., to St. Louis and East St. Louis and all Mississippi River crossings between St. Louis and Cincinnati, including Gulf ports, effective March 1st, 1903.

In answer to our inquiry as to whether or not he would be prepared, on receipt of advice from this office that all lines in the South and Southeast would advance their rates 2 cents per 100 lbs., effective March 1st, 1903, to issue account of Texas, Louisiana, and Arkansas lines, a similar advance from points in those States to St. Louis, East St. Louis, and all Mississippi River and Ohio River crossings between St. Louis and Cincinnati, including these points, Chairman Cale has written us as follows:

"Note your request that I advise you if, in the event members of your committee concur in the recommendations submitted in your general letter 1490, the Texas lines will advance the rates from Texas to correspond with the advance in rates from the Southeastern Mississippi Valley and Southeastern Freight Association; in other words, will the rates from Texas points be established on the basis of 20 cents per 100 lbs.

"Replying, will say that the members of the Southeastern Tariff Committee individually expressed their views in recommendation substantially as follows:

"'That, effective March 1st, 1903, contingent upon a like advance from Arkansas and Louisiana, same advances in lumber rates be made from Texas points to Mississippi River crossings, Cairo and north, also Ohio River crossings, that are made from yellow-pine districts in the southeast; it being understood, however, that the right is reserved to make rates from Texas points to Mississippi River crossings, Cairo and north, no higher than the rates from the southeastern lumber-producing territory.'

"You will no doubt understand from the foregoing that it was the intention of lines individually to advance the rates 2 cents per 100 lbs., where it might be deemed practicable to bring about such advance. This, based on the fact that when lumber rates were last advanced by Texas lines, the parity as between rates from southeastern territory and Texas territory was not strictly observed. In other words, higher rates were carried from Texas producing points than were carried from the southeast under former adjustment; in other words, the Texas lines understand the agreement to be that they can carry the same rates if they deem it advisable so to do. The opinion, however, was pretty generally expressed, that it was their desire to get the full advance of 2 cents from Texas producing points to the territory named in the foregoing recommendation, but if this could not be done, the members want it distinctly understood

that they do not feel they would be violating any understanding if they should carry the same rates from Texas as apply from the southeast based on the two-cent advance contemplated; but this adjustment may not comprehend an advance of two cents from all producing stations in Texas.

"In communicating the above, I do so as chairman of the Southwestern Tariff Committee only. Matter of advance from Arkansas will no doubt be brought up at the next meeting of the Arkansas Freight Committee, which will convene at Hot Springs on Tuesday next, the 10th inst.

"Further, the undersigned has no voice in matters pertaining to rates from Louisiana points, so it would appear to him that it will be impossible to answer you intelligently with reference to advance from Arkansas and Louisiana until these lines are heard from."

Under date of February 3rd, we enclosed copy of general letter 1490 to Chairman Parrott, requesting him to submit the recommendations therein shown to his members by wire, and to advise the result at the earliest practicable moment. We have not yet had reply to that communication.

As soon as all interests shall have been heard from the chairman will issue rate advice to correspond with the recommendations submitted at the meeting of interested lines, held at St. Louis January 30th, 1903.

M. P. WASHBURN, *Chairman.*

Rb.

[Telegram.]

ST. LOUIS, MO., *Feb. 7, '03.*

C. C. CAMERON, *Louisville, Ky.:*

The Cotton Belt will advance its yellow-pine rates two cents per hundred pounds March first prox., in strict accordance with the advance made by Illinois Central Co. We shall also advance our yellow-pine rates to Memphis to the extent of one and one-half cents, and sincerely hope all lines interested in yellow-pine traffic will do likewise, as the necessity for increased revenue is imperative.

H. E. FARRELL.

3.52 p. m.

[Queen & Crescent Route, Alabama Great Southern Railroad Company. L. Sevier, General Freight Agent.]

OFFICE OF THE GENERAL FREIGHT AGENT,
Birmingham, Ala., Feb. 7th, 1903.

Refer to file A.

Mr. C. C. CAMERON,
G. F. A. I. C. R. R., Louisville, Ky.

DEAR SIR: I have copy of the proceedings of the meeting held at the Southern Hotel, St. Louis, Jan. 30th, in which discussion as to advance on lumber was had.

Will you kindly advise in this connection what understanding was reached, if any, as to the advance in rates to Michigan City, as well as to Mt. Vernon? You will recall that this question was brought up at New Orleans conference.

Yours, truly,

L. SEVIER,
General Freight Agent.

Arkansas Southern Railroad Company, Traffic Department. W. H. Quigg, General Freight and Passenger Agent.]

RUSTON, LA., *Feb. 7, 1903.*

Mr. C. C. CAMERON,
Gen. Frt. Agt. I. C. R. R., Louisville, Ky.

DEAR SIR:

Advance in lumber rates to Ohio and Mississippi River crossings.

As you are aware, we have just recently issued a tariff, our No. 116, naming through rates on lumber from stations on our line to points north of the Ohio and east of the Mississippi. The through rates named therein were based as follows:

Cincinnati	21¢
Louisville	19¢
Cairo	14¢
St. Louis and E. St. Louis	17½¢
Except on shipments to points west of the Mississippi River where the rate from St. Louis and E. St. Louis to such points was the same	16¢

Kindly advise by return mail if there will be any change in the basis other than the advance of two (2) cents per hundred; if not, it is our idea, in order to save expense of issuing a new tariff, to issue a supplement announcing that through rates named therein will be two cents per hundred pounds higher after Mar. 1st.

Will thank you to give me an immediate reply.

Respectfully,

W. H. QUIGG,
Gen. Frt. Agt.

C/C Mr. W. M. Rhett.

(Stamped on face:) Illinois Central R. R. Co. Genl. Frt. Office, Feb. 9, 1903. Louisville, Ky. Yazoo & Miss. Valley R. R. Co.

Illinois Central Railroad Company. Telegram. All messages addressed to officials on trains must be enclosed in sealed envelopes.]

Filed 2.15 p. m. D. C. ND.

LOUISVILLE, *2/7/1903.*

C. C. CAMERON,
On Spl. South, Jackson, Miss.:

Your wire to-day regarding advance in rate on lumber from southern points to Ohio and Mississippi River crossings. We have covering this matter in our general letter number fourteen ninety, wherein we asked for declarations of interested lines. Have already secured declarations from lines most interested. Will make our record clear.

M. P. WASHBURN.

8.42 p. m.

H-12440–L.

FEBRUARY 7, 1903.

Mr. M. P. WASHBURN,
Chairman S. E. M. V. Association, Louisville.

DEAR SIR: In connection with advances in the rates on yellow-pine lumber to Ohio and Mississippi River crossings and points north and east thereof, it has been suggested that a recheck be made of rates to points between Mississippi and Missouri rivers.

For that purpose will you please call meeting of such of the east side roads as desire to participate in the check and the roads west of the Mississippi River?

I understand the present rates were checked in last August in Chairman Mahoney's office, and in issuing call for meeting it would be well to have Chairman Mahoney issue like call to his members.

The meeting should be held at the earliest possible moment. Please take the matter in hand promptly.

Yours, truly,

_____,
General Freight Agent.

IC-JH.

[Copy.]

ILLINOIS CENTRAL RAILROAD COMPANY,
Louisville, February 7, 1903.

Shingles from New Orleans and Mobile to Ohio River crossings, etc.

Mr. M. P. WASHBURN,
Chairman S. E. M. V. Association, Louisville.

DEAR SIR: I beg to announce that this company will advance its rates on shingles, carloads, from New Orleans and shingle-producing points on its lines where rates are relatively adjusted, to St. Louis, East St. Louis, & Ohio River Xings, two cents per hundred pounds, effective March 1st, 1903.

Yours, truly,

C. C. CAMERON,
General Freight Agent.
HATTENDORF.

[Copy.]

QUEEN & CRESCENT ROUTE,
Birmingham, Ala., Feb. 7th, 1903.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Effective March 1st, the Alabama Great Southern Ry. will advance its rates on lumber and shingles from points on this line to Ohio River crossings, St. Louis, and East St. Louis, and points basing thereon 2 cts. per cwt., and will participate with its connections in a similar advance from territories covered by such connections. Will also participate in a similar advance on shingles from Mobile, New Orleans, and Placquemine to the same territory.

Yours, truly,

L. SEVIER,
General Freight Agent.

[Illinois Central Railroad Company. Telegram.]

NATALBANY, LA., *2/8/03.*

M. P. WASHBURN,
Columbia Bldg., Louisville, Ky.

Your wire seventh regarding lumber rates: There will be no trouble about lines east of Mississippi River, but the fact that your proceedings show that views of Northeastern road were withheld may complicate question so far as western lines are concerned. Therefore, urge that you at once issue corrected proceedings omitting reference to Northeastern road withholding views, as I have their advice that they will file announcement advancing rates two cents. Answer, care Rhett, New Orleans.

C. C. CAMERON.

[Telegram.]

NEW ORLEANS, LA., *Feb. 8.*

M. P. WASHBURN, *Louisville, Ky.*

Your wire seventh: We advised Chairman Cameron regard advance lumber rates and supposed he had given you necessary information. Effective March first, rates yellow-pine lumber will be advanced two cents per hundred by these roads to all Ohio and Mississippi River crossings between St. Louis and Cincinnati, inclusive. Effective same date, rates yellow-pine lumber to all points north Ohio and east Mississippi rivers west of Buffalo-Pittsburg line will be made lowest combination.

T. F. STEELE.

General letter No. 1500.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION.
OFFICE OF THE CHAIRMAN,
Louisville, Ky., February 9, 1903.

Files Nos. 4892 and 2859–A.

To Members:

Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

Please refer to general letters Nos. 1490 and 1499, subject as above, and be advised of receipt of the following wire from the chairman of the Southeastern Freight Association:

"Your wire February seventh. Yes, sir; we are in position to publish advanced rates on pine lumber effective March first. Declarations have been received from Southern Railway and Seaboard Air Line.

"We hope to receive declarations from other lines in time to make advances. The number of originating lines, as you will note by reference to our western lumber tariff number one, effective February twelfth, is small."

Practically all interests except the Arkansas and Louisiana lines have now been heard from.

It is expected that interested lines in Arkansas will discuss the question at meeting at Hot Springs, Ark., to-morrow (10th inst.).

Advice will be given at the earliest practicable moment of recommendations approved at said meeting.

M. P. WASHBURN,
Chairman.

R-W.

FEB. 9, 1903.

G. W. CALE, *Chairman, St. Louis, Mo.:*

Will you please wire me to-morrow if Arkansas and Louisiana lines at Hot Springs meeting will advance their rates on lumber to St. Louis and Ohio River crossings two cents per hundred pounds?

M. P. WASHBURN.
R–W.

Half rate No. 1927.

[Telegram.]

ATLANTA, GA., *Feb. 9, 1903.*

M. P. WASHBURN, *Louisville, Ky.:*

Your wire Feby. seventh. Yes, sir; we are in position to publish advanced rates on pine lumber, effective March first. Declarations have been received from Southern Railway and Seaboard Air Line. We hope to receive declarations from other lines in time to make advances. The number of originating lines, as you will note by reference to our western lumber tariff No. one, effective Feb. twelfth, is small.

S. F. PARROTT.

3.23 p. m.

FEB. 9, 1903.

C. C. CAMERON, c/o *W. M. Rhett, New Orleans, La.:*

Your wire yesterday. As intimated in our wire Saturday, we are handling the question of advance in lumber rates without regard to the mimeograph proceedings. We are in communication with all the individual lines east of the Mississippi River up to border of the Southeastern Freight Association, and we are also in communication with Chairmen Parrott and Cale. We issued general letter on this subject Saturday giving present status, but find on reaching office this morning the same was not sent out. Cale announces that individual Texas lines will advance to basis twenty cents wherever it is possible for them to do so. As to Arkansas lines, the question of rates from Arkansas can not be disposed of until after meeting to-morrow at Hot Springs, Arkansas. From present prospects the advance will be had from all points, effective March first.

M. P. WASHBURN.

Ans. to D. H. No. 1220–8. R–W.

[Illinois Central Railroad Company telegram.]

FEBRUARY 9, 1903.

L. SEVIER,
Birmingham, Ala.:

Your letter seventh, file A. At meeting Southern Hotel, St. Louis, January thirtieth, understanding was reached that rate to all points east of Mississippi River, north of Ohio River, and west of western termini trunk lines would be made on lowest combination. This had specific reference to Mount Vernon, Michigan City, and Detroit, which points are to be advanced to combination basis.

C. C. CAMERON.

D. H. Postal 609.

[Illinois Central Railroad Company telegram.]

FEBRUARY 9, 1903.

W. H. QUIGG, *Ruston, La.:*

See your letter February seventh. Effective March first, advance of two cents per hundred pounds was made in lumber rates from all producing points in Texas, Louisiana, Arkansas, and points east of Mississippi River to St. Louis, East St. Louis, and Mississippi and Ohio River crossings, St. Louis and Cincinnati both inclusive. Points located east of Mississippi River, north of Ohio River, and

west of western termini trunk line to be made on lowest combination. We are also arranging check of rates to points west of Mississippi River, but can not at this time say what advances will be made. Think you can issue supplement advancing rates two cents to territory in question and then recheck your tariff so as to be sure points east of river are on combination.

C. C. CAMERON.

D. H. Postal 609.

[Illinois Central Railroad Company telegram.]

FEBRUARY 9, 1903.

HAIDEN MILLER, *St. Louis, Mo.:*

Your wire seventh, file B. Am willing to announce advance of two cents on yellow pine to western termini points, providing other lines will do likewise. Advise further.

C. C. CAMERON.

D. H. Western Union 2058.

[T. C. Powell, freight traffic manager, Washington, D. C.; Lee McClung, assistant freight traffic manager.]

SOUTHERN RAILWAY COMPANY,
OFFICE OF ASSISTANT FREIGHT TRAFFIC MANAGER,
Louisville, Ky., Feb. 9, 1903.

Refer to file 4406 B.

Mr. C. C. CAMERON,
G. F. A., Louisville, Ky.

DEAR SIR:

Rate adjustment: Rates on lumber from southern mills to western trunk line points.

Your memo. 5th concerning advance of rates on pine lumber from southern pine districts to points east of Missouri River in Missouri, Iowa, and Minnesota.

I beg to say that we are willing to file announcement of advance of our rates on this business 2 cents per 100 pounds if rates from mills both east and west of the Mississippi River are also advanced 2 cents.

Yours, truly,

LEE MCCLUNG,
A. F. T. M.

S.

Cys Messrs. E. E. Smythe, D. M. Goodwyn, W. M. Gloseclose, J. C. Lincoln, Haiden Miller, T. F. Steele, J. P. Park, J. A. Middleton, P. J. Tapp.

(Stamped on face:) Illinois Central R. R. Co. Gen'l frt. office, Feb. 11, 1903. Louisville, Ky. Yazoo & Miss. Valley R. R. Co.

[Illinois Central Railroad Company telegram.]

LOUISVILLE, *Feby. 10th, 1903.*

HAIDEN MILLER,
St. Louis, Mo.:

See your wire ninth file B. As previously stated, we would like to see advance in yellow pine rates to western termini, but do not think

we can advance our rates until similar action taken by other roads. Please advise if you have had the matter up with other lines and what replies you have received. B 2.

C. C. CAMERON.

Western Union 10567.

[T. C. Powell, freight traffic manager, Washington, D. C.; Lee McClung, assistant freight traffic manager.]

SOUTHERN RAILWAY COMPANY,
OFFICE OF ASSISTANT FREIGHT TRAFFIC MANAGER,
Louisville, Ky., Feb. 10, 1903.

Refer to file 4406 A.
Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.:

MY DEAR SIR. Referring to the meeting held in St. Louis on Jan. 30th to give consideration to the question of advance in rates on pine lumber from southern producing points to Ohio River crossings, St. Louis, and East St. Louis, and points basing thereon:

Would say that my understanding is that rates to Nashville and to Memphis will be correspondingly advanced. In order that there may be no possible misunderstanding regarding this matter, wont you please issue circular advising parties interested of our understanding and asking that if such parties have an understanding different from ours, such parties communicate with you to that effect.

Yours, truly,

LEE MCCLUNG,
A. F. T. M.

Stamped on face: S. E. Miss. Val. Association, a. m., Feb. 11, 1903, office of the chairman.

Stamped on face: Answered Feb. 11, 1903, W. R. Raysey.

[N. W. McLeod, president, St. Louis, Mo.; Geo. S. Gardiner, 1st V.-Prest., Laurel, Miss.; A. J. Neimeyer, treasurer, St. Louis, Mo. Vice-presidents: I. C. Enochs, Jackson, Miss.; N. H. Clapp, jr., Warren, Ark.; Jno. L. Kaul, Birmingham, Ala.; J. H. Berkshire, Winona, Mo.; H. H. Whelen, Alden Bridge, La.; S. T. Swinford, Houston, Texas; H. H. Tift, Tifton, Ga.; B. F. Camp, White Springs, Fla. Geo. K. Smith, secretary; W. L. Goodnow, ass't. sec'y., 1206 and 1207 Fullerton Building. Directors: E. H. Lathrop, Riverside, Ala., 1 year; E. L. More, River Falls, Ala., 2 years; H. H. Foster, Malvern, Ark., 2 years; H. E. Welch, Eagle Mills, Ark., 1 year; W. C. Kent, Kentwood, La., 2 years; R. A. Long, Kansas City, Mo., 1 year; J. B. White, Grandin, Mo., 2 years; P. E. Wilson, St. Louis, Mo., 1 year; J. J. White, Macomb City, Miss., 1 year; J. H. Hinton, Lumberton, Miss., 2 years; S. F. Carter, Houston Tex., 1 year; F. H. Farwell, Orange, Tex., 2 years; Wm. B. Stillwell, Savannah, Ga., 1 year; J. Lee Ensign, Tifton, Ga., 2 years; J. C. Anderson, Caryville, Fla., 1 year; S. H. Fullerton, ex officio at large, St. Louis, Mo.]

Stamped on face: S. E. Miss. Val. Association, a. m., Feb. 11, 1903, office of the chairman.

THE SOUTHERN LUMBER MANUFACTURERS' ASSOCIATION,
OFFICE OF THE SECRETARY,
St. Louis, Mo., Feb. 10, 1903.

MR. M. P. WASHBURN, CHAIRMAN,
S. E. M. V. F. A., Louisville, Ky.

DEAR SIR: In answer to an almost unanimous demand of the members of the Southern Lumber Manufacturers' Association, a meeting of the board of directors was held in St. Louis to-day for the purpose of considering the proposed advance of two cents per hundred pounds on yellow pine lumber from the south, effective March first, to St. Louis, East St. Louis, and Ohio River crossings on shipments destined to points north of the Ohio River and east of the Mississippi River,

west of Pittsburg, Pa., and to points west of Mississippi River where rates are based on combinations through St. Louis or Cairo.

It was argued at this meeting that if an advance in freight rates was necessary that this advance should not be confined to one commodity, but that a general advance should be made on the entire tonnage, so that the burden would be equitably distributed, including hard wood and cypress from the south, hemlock from the northeast, and white pine from the north, and Pacific coast products from the west.

You no doubt are well aware that this association represents a large majority of the yellow pine product, both in volume and numbers, and as their representatives we wish to enter a vigorous protest against the proposed advance of two cents per hundred pounds on yellow pine lumber from and into the territory referred to as being especially unjust to the manufacturer, both as to the method of applying the same and as to the time at which it is to take effect.

We believe such a radical advance will be detrimental to the interests of the railroads eventually and to the manufacturers of yellow pine immediately, for the following reasons:

For many years the manufacturers of yellow pine have been making a fight for territory in which to sell their product, and the increase in production has only been taken care of by very materially extending the territory in which yellow pine has been sold. The proposed advance will stop any extension of territory and will allow other woods to regain in many localities the position now occupied by yellow pine.

This will force stock into territory already fully occupied, cause overproduction, and the necessary curtailment of output, then a reduction in tonnage and consequent shrinkage in revenue to the originating lines.

Particular attention is directed to the Pacific coast States. There is in the United States 187 billion feet of yellow pine stumpage; white pine stumpage 60 billion feet, and white pine stumpage of Canada east of the Rocky Mountains 37 billion feet. This is the total construction wood in existence to-day east of the Rocky Mountains.

On the Pacific coast alone there is 595 billion feet of standing construction timber to-day. The Pacific coast transportation lines, realizing their enormous tonnage, are losing no opportunity that presents itself for invading territory occupied by producers of lumber east of the Rocky Mountains.

It is our understanding that Mr. Hill has recently made exceedingly low tonnage contracts for the movement of Government freight and supplies, as well as commercial freight to the Pacific coast, which will probably at least divide a large amount of tonnage that has heretofor' moved through San Francisco and other gateways; this will place in the heart of the Pacific coast lumber regions a large amount of empty equipment, that it will be to the interest of the transportation lines to load back with lumber, and it is reported that the territory already taken over by Pacific coast producers—namely, Colorado and a large portion of western Nebraska—is to be very materially enlarged by extending the rates that are now effective to that territory to the Missouri River.

The enormous quantity of the timber and correspondingly low cost of converting into lumber, and the light weight of the product,

makes this wood in the hands of the transportation lines that have empty cars to move eastward a matter that must be given serious consideration.

Another matter which does not seem to have been given that consideration to which it is entitled is the limited time afforded to manufacturers to ship out the orders already on their books before this advance shall go into effect.

Since the notice of advance was received inquiry has been made among the members of this association to ascertain the number of carload orders already accepted for shipment which would be affected by this advance. Our members located west of the Mississippi River report having orders destined to points affected, which it will take an average of 55 days from February 9th to complete, provided cars are furnished, and our members east of the Mississippi River an average of fifty-six days to complete shipment.

These reports are sufficiently well scattered to justify the statement that they fairly represent the conditions prevailing throughout the entire yellow pine producing territory.

It is not necessary for this association to call your attention to the fact that for the past several months you have been unable to furnish us sufficient equipment to enable us to move our product, and in consequence it has accumulated on our hands.

If this proposed advance goes into effect on the date originally intended, it will work a very great hardship and loss on your patrons, which we feel in all justice we should be protected against, and which we fully realize you did not give that consideration which it deserves, or you would not have limited the notice as you have.

Lumber rates from the south have for years been practically unchanged, and in this respect it differs from rates on other commodities which are constantly fluctuating, so that the custom has grown among the manufacturers of yellow pine for taking on large volumes of business based on the stability of the present lumber rates. To advance these with less than three weeks' notice entails upon the lumber manufacturers a large and unexpected loss.

This association is unanimously of the opinion that in all fairness and justice the effectiveness of this proposed advance should be postponed, at least until the first of May, in order to give your patrons an op'ortunity to protect themselves against heavy loss by reason of the conditions forced upon them to accumulate stock which has already been sold, but which we have been unable to move for lack of equipment.

The Southern Lumber Manufacturers' Association desires to go on record as not opposing an advance in freight rates on their commodity, provided the burden is equitably distributed and rates from competitive territory are equalized.

As your interest as carriers and ours as producers of yellow pine are mutual, what affects one adversely must seriously affect the other.

Additional facts and figures will be compiled the present week, and we desire a committee of our board of directors to meet the traffic officials who propose to advance the rates arbitrarily, and present to you as business men facts that must be considered, and will be pleased to have you name an early date for this conference.

Having an abiding faith in the high sense of justice and business integrity of our railroad friends, we feel that this communication from our association will be given that consideration which it surely merits.

Respectfully submitted.

N. W. McLeod, *Prest.*
Geo. K. Smith, *Secty.*

[Important.]

Errata to proceedings of meeting of interested lines, held at the Southern Hotel, St. Louis, Mo., Jan. 30, 1903, to consider rates on lumber, shingles, etc., from points in Southwestern Tariff Committee, Southeastern Freight and Southeastern Mississippi Valley Assn's territories to St. Louis, Ohio River crossings, and points north thereof.

Louisville, Ky., *Feb. 10, 1903.*

Please refer to page 2 of above-mentioned proceedings, subject "Rates on yellow pine lumber to Ohio River crossings and St. Louis," last paragraph, reading: "The foregoing was discussed and no further action was taken in regard thereto. The asst. general freight agent of the N. O. & N. E. R. R. withheld his views," and correct by erasing the sentence "The asst. general freight agent of the N. O. & N. E. R. R. withheld his views."

C. C. Cameron,
Chairman.

Proceedings of a meeting of interested lines, held at the Southern Hotel, St. Louis, Jan. 30th, 1903, to consider rates on lumber, shingles, etc., from points in Southwestern Tariff Committee, Southeastern Freight and Southeastern Mississippi Valley Assn's territories to St. Louis, Ohio River crossings, and points north thereof.

Representation.—I. C. R. R., C. C. Cameron, W. M. Rhett, W. L. Smith, J. Hattendorf; K. C., M. & B. R. R., A. S. Dodge; L. & N. R. R., D. M. Goodwyn; M. & O. R. R., Haiden Miller, J. N. Denyven; N., C. & St. L. Ry., E. T. Eckles; N. O. & N. E. R. R., J. D. Grant; Southern Ry., Lee McClung, R. A. Campbell; C. & A. Ry., Geo. B. Simpson; Burlington Route, W. Gray; No. Pac. Ry., E. B. Lane; Frisco System, A. S. Dodge, Wm. Campbell, P. C. Dumbeck, E. J. Knickerbocker; St. L. S. W. Ry., J. P. Park; M. C. S. Ry., C. E. Perkins; M. K. & T. Ry., F. J. Hoffman.

Meeting convened at 10.30 a. m.

On motion, Mr. C. C. Cameron was elected chairman.

Rates on pine lumber to points north of the Ohio River.

The following was recommended:

"That the rates on pine lumber to all points north of the Ohio River and east of the Mississippi River and west of the western termini of the trunk lines shall be made on lowest combination basis."

The foregoing was discussed and no further action was taken in regard thereto.

Rates on yellow pine lumber to Ohio River crossings and St. Louis.

The following was presented:

"Recommended for consideration, that an advance of 2 cents per 100 pounds in the rates on yellow pine lumber, C. L., be made from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to St. Louis, East St. Louis, and all Mississippi and Ohio river crossings between St. Louis and Cincinnati, including those points, effective March 1st, 1903."

A member stated that while the usual adjustment would make a rate of 16 cents from Texas points to St. Louis as compared with present rates from contiguous territory, the Texas lines were at present carrying rate of 18 cents, and that the recommended advance of 2 cents per 100 pounds would not be necessary from Texas points in order to preserve the proper alignment, but that it was quite possible, if advances were made from Louisiana, Arkansas, Mississippi, Alabama, and the Southeast, that the Texas lines would desire to still further advance their rates, to the same extent of advances from other territories, and suggested that a subcommittee be appointed to present the matter to the Texas lines for consideration at their meeting then in regular session in Chairman Cale's office.

Chairman appointed subcommittee of Messrs. Denyven and Perkins.

After attendance at the Texas meeting, the subcommittee reported the following recommendation from the Texas lines, with their request that the chairman of this meeting notify the chairman of the Southwestern Tariff Committee if announcements are made of advances from Louisiana, Mississippi, etc., in order that advances from Texas points may be made simultaneously:

Recommended, That contingent upon like advances from Arkansas and Louisiana, the same advances in lumber rates be made from Texas points to Mississippi River crossings, Cairo, and north; also Ohio River crossings, that are made from the yellow pine districts in the Southeast, it being understood, however, that the right is reserved to make rates from Texas points no higher than rates from the Southeast.

The foregoing was discussed and no further action was taken in regard thereto. The ass't genl. freight agent of the N. O. & N. E. R. R withheld his views.

Rates on pine lumber to eastern points.

A member stated that in his opinion the rates on pine lumber to eastern cities from territory under discussion at this meeting should not be advanced unless similar advances were made from Coast Lines' points, although a difference might be made in the rates between rough and dressed lumber.

Passed without further discussion.

Rates on shingles from Mobile, New Orleans, etc.

The general freight agents of the Mobile & Ohio R. R. and Louisville & Nashville R. R. announced that, effective March 1st, they will advance their rates on shingles two cents per 100 pounds to Ohio River crossings and St. Louis and points basing thereon, provided

that no lower totals than those so made from Mobile are applied from New Orleans, Plaquemine, and other shingle-producing points adjusted with relation thereto.

It was understood that the Illinois Central and other interested lines would make similar advances in their rates on shingles from New Orleans, Plaquemine, etc.

On motion the meeting adjourned.

C. C. CAMERON.
Chairman.

General letter No. 1502.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Feb. 10th, 1903.

[Files Nos. 4892 & 2859-A.]

To members:

Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Mississippi and Ohio river crossings between St. Louis and Cincinnati and points north.

Please refer to general letters Nos. 1490, 1499, and 1500, subject as above, and be advised that we are now in receipt of the following from Chairman Cale:

"All lines heard from indicate tariffs have been issued advancing rates on lumber Arkansas to intersecting points. Am in telegraphic correspondence with Louisiana lines. Advise what your lines have done."

We have replied to Chairman Cale stating that practically all lines in SEMV-SEF Association territories have announced their purpose to advance their rates on yellow pine lumber from stations on their lines to St. Louis, East St. Louis, and all Mississippi and Ohio river crossings, between St. Louis and Cincinnati, including those points, effective March 1st, 1903. We further advised him that we will issue to-day a rate advice to cover the rates from S. E. M. V. Ass'n territory, assuming that Louisiana lines will follow suit.

We have requested Chairman Cale to publish the advanced rates from Texas and Arkansas points, and we have asked Chairman Parrott to publish from points within S. E. F. Ass'n territory, effective March 1st, 1903.

Please see rate advice No. 5626.

M. P. WASHBURN, *Chairman.*

Rb.

Rate advice No. 5624.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Feb. 10th, 1903.

[Files Nos. 4892 & 2859-A.]

Taking effect March 1st, 1903.

Rates on yellow-pine lumber from S. E. M. V. Association territory to points north of the Ohio and east of the Mississippi rivers and west of the western termini of trunk lines.

Interested lines have individually declared their purpose, effective March 1st, 1903, to observe as minima on yellow-pine lumber from producing points on their lines in Mississippi, Alabama, and the southeast, to all points north of the Ohio River and east of the Mississippi River and west of the western termini of trunk lines, rates made on lowest combination basis.

Issued in accordance with individual declarations of members filed with the chairman, as embodied in general letters Nos. 1490, 1499, 1500, and 1502.

Supersedes all rate issues in conflict.

M. P. WASHBURN, *Chairman.*

Rb.

Rate advice No. 5625.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Feb. 10, 1903.

[Files No. 4892 & 2859-A.]

Taking effect March 1st, 1903.

Rates on shingles from Mobile, Ala., New Orleans, La., and other shingle-producing points in the south to Ohio River crossings, St. Louis, and points basing thereon.

Interested lines have individually declared their purpose, effective March 1st, 1903, to advance the present rates on shingles from Mobile and New Orleans to Ohio River crossings, St. Louis, and points basing thereon, 2 cents per 100 lbs., provided no lower totals than those so made from Mobile and New Orleans are applied from Plaquemine and other shingle-producing points, adjusted with relation thereto.

Issued in accordance with individual declarations filed with the chairman, as embodied in general letters No. 1490, 1499, 1500, and 1502.

Supersedes all rate issues in conflict.

M. P. WASHBURN, *Chairman.*

Rb.

Rate advice No. 5626.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Feb. 10, 1903.

[Files Nos. 4892 & 2859-A.]

Taking effect March 1st, 1903.

Rates on pine lumber, laths, and shingles from producing points in the S. E. M. V. Association territory to all Mississippi and Ohio River crossings between St. Louis and Cincinnati, including those points.

Advance in rates.

Interested lines in the S. E. M. V. Association territory have individually declared their purpose, effective March 1st, 1903, to advance present rates on yellow-pine lumber from all producing points on their

respective lines in Mississippi and Alabama and the southeast to St. Louis, East St. Louis, and all Mississippi River and Ohio River crossings between St. Louis and Cincinnati, including those points, 2 cents per 100 lbs.

Accordingly rates as published by the association on yellow-pine lumber from all points in Mississippi and Alabama and the Southeast to territory described will also be advanced to the same extent.

Issued in accordance with individual declarations of members filed with the chairman, as embodied in general letters Nos. 1490, 1499, 1500, and 1502.

Supersedes all rate issues in conflict.

M. P. WASHBURN, *Chairman.*

Rb.

[Telegram.]

LOUISVILLE, KY., *Feb. 10–03.*

C. C. CAMERON,
Agt. Ill. Central, Jackson, Miss.:

Your wire to-day. The record of lumber meeting will be corrected as per your suggestion as to Arkansas lines. Only just received wire from Cale advising Arkansas have advanced the rates. Cale further advises he is now in correspondence with Louisiana lines. We propose to issue rate advice to-day covering advances from Semva territory and will advise all parties at interest as to present situation.

M. P. WASHBURN.

7:37 p. m.

[Illinois Central Railroad Company. Telegram.]

LUTCHER, LA., *Feb. 10th, 03.*

M. P. WASHBURN,
Columbis Bldg., Louisville, Ky.:

Your wire ninth relative pine lumber rates. As chairman of meeting I instructed you to not show that Northeastern's views were withheld and have since instructed you to reissue proceedings omitting this reference. Advise at once whether you will do so. Do not understand that Arkansas rates are held up. All lines were properly represented at St. Louis meeting and announced advance in rates. Answer care agent Jackson, Miss.

C. C. CAMERON.

Postal frank No. 540.

[Telegram.]

ST. LOUIS, MO., *Feb. 10, 1903.*

M. P. WASHBURN, *Louisville, Ky.:*

All lines heard from indicate tariffs have been issued advancing rates on lumber Arkansas to interstate points. In telegraphic correspondence with Louisiana lines; advise what your lines have done.

G. W. CALE.

1:14 p. m.

(Stamped on face:) S. E. Miss. Val. Association, Office of the Chairman, Feb. 10, 1903.

[Memorandum.]

FEBRUARY 10, 1903.

Mr. D. M. GOODWYN,
G. F. A., L. & N. R. R., Louisville:

Referring to your memorandum of the 9 instant, Fog, regarding advancing rates on yellow-pine lumber.

We have not advanced our rates to the western termini of the trunk line for the reason that these points were not mentioned in the announcements made at St. Louis January 30th. However, we are perfectly willing to do so providing rates are advanced by other lines.

C. C. CAMERON.

[Telegram.]

FEB. 10, 1903.

S. F. PARROTT, *Atlanta, Ga.:*

Relative to advance two cents in lumber rates St. Louis and Ohio River crossings, will issue from our territory to-day, effective March first. Will you please follow suit.

M. P. WASHBURN.

Half rate 1927.

[Telegram.]

FEB. 10, 1903.

G. W. CALE, *St. Louis, Mo.:*

Your wire to-day. Practically all interested lines in Southeastern Mississippi Valley and Southeastern Freight associations territories have filed declarations announcing their purpose to advance lumber rates two cents per 100 lbs. and will issue accordingly, assuming that Louisiana lines will follow suit. Please issue from Texas and Arkansas accordingly.

M. P. WASHBURN.

Ans. D. H. 610–10th.

[Telegram.]

TERRITORIES.

ST. LOUIS, MO., *Feb.*

M. P. WASHBURN,
Chairman Southeastern Mississippi Valley Assn.,
Louisville, Ky.:

Mr. Dunlap, of Sunset Route, advises that can not make advances on lumber effective before April first. Please notify your members. Have no advice that this will affect advance in rate from other territories.

G. W. CALES.

[Illinois Central Railroad Company. Telegram.]

FEBRUARY 11, 1903.

HAIDEN MILLER,
St. Louis, Mo.:

Your file B. Have you taken up advance in yellow-pine rates to western termini points with southeastern roads? Would not care to make advance from our line unless advance is made from there.

C. C. CAMERON.

D. H. Western Union 2058.

In replying, please refer to File —

ILLINOIS CENTRAL RAILROAD COMPANY,
OFFICE OF GENERAL FREIGHT AGENT,
Louisville, February 12, 1903.

Rates on yellow pine lumber from all producing points to Memphis.

Mr. M. P. WASHBURN,
Chairman S. E. M. V. Assn., Louisville.

DEAR SIR: Please ascertain by wire if there are any objections to advance in rates on yellow pine lumber from all producing points to Memphis 1½ cents per hundred pounds.

Lines west of river are desirous of advancing, providing lines east of the river will do likewise. Have wired Parrott for views of his members.

Yours, truly,

C. C. CAMERON,
General Freight Agent.

I. C.–J. H.

Middleton.

(Written across face with pencil:) Called up Wallendorf over phone and called his attention to Mr. C.'s letter of the 10th. He asked me to hold up his communication pending advice from C. C. C. if he is willing to make the advance 2¢ to mfs.

[Telegram.]

ST. LOUIS, MO., *Feb. 12.*

M. P. WASHBURN,
Chairman Southeastern Mississippi Valley Assn.,
Louisville, Ky.:

See our telegram eleventh regarding position Sunset Central as to advance in lumber rates. Chairman in receipt of advice from St. Louis Southwestern Railway that St. Louis Southwestern system will ignore action of Sunset Central and advance will positively go into effect via that line on March first next.

G. W. CALE.

(Stamped on face:) S. E. Miss. Val. Association. A. M., Feb. 13, 1903. Office of the chairman.)

General letter No. 1514.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Feb. 12, 1903.

[File No. 4892.]

To Members:

Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

Please refer to general letters Nos. 1490, 1499, 1500, and 1502, and be advised, as information of receipt of the following wire from the chairman of the Southwestern Tariff Committee:

"Mr. Dunlap, of the Sunset route, advises that can not make advances on lumber effective before April first. Please notify your members. Have no advice that this will affect advance in rates from other territories."

Also the following wire has been received from the freight traffic manager of the Frisco System:

"Referring to Southern Pacific advice that they can not advance yellow pine lumber rates until April first. We favor ignoring this information, as rates from Louisiana are voluntarily carried two cents higher than Arkansas basis, and right has always been reserved to carry same."

In this connection it will be noted that the advanced rates from SEMV Association territory to Ohio and Mississippi River crossings, St. Louis to Cincinnati, both inclusive, are published to take effect March 1, 1903, as per rate advice No. 5626.

The following additional declaration has been received from the asst. freight traffic manager of the Southern Ry. (His file 11683B.)

"Please be advised of the intention of the Southern Railway to advance its rate on hard-wood lumber, CL., from Mobile, Ala., to Ohio River crossings, St. Louis and group, and CFA. territory, two cents per hundred pounds, effective March first.

"Please notify those interested, and oblige."

The asst. general freight agent of the KCM & BRR has wired us stating that the KCM & B. does not originate any pine lumber; therefore, announcement from his line is unnecessary.

Rf. M. P. WASHBURN, *Chairman.*

4892. FEB. 12, 1903.

Mr. G. W. CALE,
Chairman, St. Louis, Mo.

DEAR SIR:

Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

Your file 8100.

With further reference to yours of the 5th, I beg to advise we are to-day in receipt of the following from one of our lines:

"Please be advised of the intention of the Southern Railway to advance its rate on hard-wood lumber, CL., from Mobile, Ala., to Ohio River crossings, St. Louis and group, and CFA. territory, 2 cents per hundred pounds, effective March first.

"Please notifiy those interested, and oblige."

Will you please say if it is your understanding that the Texas lines will advance their rates, effective March 1st, on yellow-pine lumber to Memphis, Tenn., to correspond with the advances made in the rates to St. Louis and East St. Louis? Will appreciate an early reply.

Yours, truly,

Rf. ——— ———, *Chairman.*

4892. FEB. 12, 1903.

Mr. G. W. CALE,
Chairman, St. Louis, Mo.,

DEAR SIR:

Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi,

Alabama, and the Southeast to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

Your file 8100.

With further reference to yours of the 5th, I beg to advise we are to-day in receipt of the following from one of our lines:

"Referring to the meeting held in St. Louis on Jan. 30th, to give consideration to the question of advance in rates on pine lumber from southern producing points to Ohio River crossings, St. Louis and East St. Louis, and points basing thereon:

"Would say that my understanding is that rates to Nashville and to Memphis will be correspondingly advanced. In order that there may be no possible misunderstanding regarding this matter, won't you please issue circular advising parties interested of our understanding and asking that if such parties have an understanding different from ours such parties communicate with you to that effect?"

Will you please say if it is your understanding that the Texas lines will advance their rates, effective March 1st, on yellow-pine lumber to Memphis, Tenn., to correspond with the advances made in the rates to St. Louis and East St. Louis? Will appreciate an early reply.

Yours, truly,

Rf. ——— ———, *Chairman.*

4892. FEB. 12, 1903.

Mr. LEE MCCLUNG,
AFTM, Louisville, Ky.,

DEAR SIR:

Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

Agreeable to your request of the 10th, file 4406A, we have taken this matter up with interested lines and will advise result as soon as we shall have had a reply in answer to our communication.

Yours, truly,

Rf. ——— ———, *Chairman.*

4892. FEB. 12, 1903.

Mr. S. F. PARROTT,
Chairman, Atlanta, Ga.

DEAR SIR:

Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast, to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

I herewith enclose copy of our general letter No. 1514, quoting wire received from Chairman Cale regarding announcement of the Sunset Route. I do not understand this will affect the rates from our respective territories to Ohio and Miss. River crossings, St. Louis to Cincinnati inclusive.

Yours, truly,

——— ———

Rf. *Chairman.*

4892. FEB. 12, 1903.

Mr. G. P. BILES,
G. F. A. Cincinnati, O.

DEAR SIR:

Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

Your file rate 8–402–E. Agreeable to your request of the 6th inst., I attach hereto an additional copy of record of meeting held at St. Louis, January 30th, 1903, to discuss rates on lumber from producing points in Texas, Louisiana, Arkansas, etc., to Mississippi River crossings between St. Louis and Cincinnati, including those points.

Yours, truly,

_____, *Chairman.*

R–w–11.

[Telegram.]

ST. LOUIS, MO., *Feb. 12th, 1903.*

M. P. WASHBURN,
Louisville, Ky.:

Referring to Southern Pacific advice that they can not advance yellow pine lumber rates until April first, we favor ignoring this information, as rates from Louisiana are voluntarily carried two cents higher than Arkansas basis, and right has always been reserved to carry same.

A. S. DODGE.

11.29 a. m.

[Telegram.]

ST. LOUIS, MO., *Feb. 12th, 1903.*

C. C. CAMERON,
Louisville, Ky.:

Referring to Southern Pacific advice that they can not advance yellow pine lumber rates until April first, we favor ignoring this information, as rates from Louisiana are voluntarily carried two cents higher than Arkansas basis, and right has always been reserved to carry same.

A. S. DODGE.

11.29 a. m.

[Illinois Central Railroad Company telegram.]

FEBRUARY 12, 1903.

A. S. Dodge, *St. Louis, Mo.:*

Your wire twelfth. It was understood at St. Louis meeting that concurrence of Southern Pacific was not required in connection with advance in pine lumber rates. It is not our intention to let this interfere with advance in our rates.

C. C. CAMERON.

D. H. Western Union 2058.

[Illinois Central Railroad Company telegram.]

FEBRUARY 12, 1903.

H. E. FARRELL, *St. Louis, Mo.:*

Am willing to advance pine lumber rates to Memphis one and one-half cents, providing similar advance is made by all roads that have announced advance to Ohio River effective March first. Will submit proposition to lines east of river and will advise you replies.

C. C. CAMERON.

D. H. Western Union 2058.

[Illinois Central Railroad Company telegram.]

FEBRUARY 12, 1903.

S. F. PARROTT, *Atlanta, Ga.:*

Will you please submit by wire to your members proposition to advance rates on yellow pine lumber from all producing points to Memphis one and one-half cents per hundred pounds. Matter is submitted to us by roads west of Mississippi River, who state advance will be made providing roads east of river will do likewise.

C. C. CAMERON.

D. H. Postal 609.

[Telegram.]

ATLANTA, GA., *Feb. 13, 1903.*

C. C. CAMERON, *Louisville, Ky.:*

Your wire twelfth. Submitted to our conference committee in session here to-day. After full discussion as to proposed advance of rates to Memphis, Tenn., our lines submitted counter proposition as follows: "Recommended that contingent upon like advance from points in Arkansas, Texas, Louisiana, Mississippi, and Alabama an advance of two cents per hundred pounds be made in rates on pine lumber from points in Georgia, Florida, and Alabama to Memphis, Tenn., Nashville and West Nashville, Tenn., and to interior junction points in Kentucky and Tennessee and to intermediate river crossings between Memphis and Cairo." Please advise if satisfactory.

S. F. PARROTT.

10.23 p. m.

4692. FEB. 12, 1903.

Mr. C. C. CAMERON, *G. F. A., Louisville, Ky.*
Mr. E. K. VOORHEES, *A. G. F. A., Memphis, Tenn.*
Mr. D. M. GOODWYN, *G. F. A., Louisville, Ky.*
Mr. HAIDEN MILLER, *G. F. A., St. Louis, Mo.*
Mr. G. R. KNOX, *G. F. A., Nashville, Tenn.*
Mr. T. F. STEELE, *G. F. A., New Orleans, La.*
Mr. LEE MCCLUNG, *A. F. T. M., Louisville, Ky.*

GENTLEMEN:

Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

Referring to meeting of interested lines held at the Southern Hotel, St. Louis, Jan. 30, 1903, to consider advance in rates on lumber, shingles, etc., from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast, to all Mississippi and Ohio River crossings between St. Louis and Cincinnati, including those points, please be advised of receipt of the following from the Asst. Freight Traffic Manager of the Southern Railway:

"Please be advised of the intention of the Southern Ry. to advance its rate on hard wood lumber, C. L., from Mobile, Ala., to Ohio River crossings, St. Louis and group, and C. F. A. territory, 2 cents per hundred pounds, effective March first. Please notify those interested, and oblige."

Will you please wire me on receipt as to your understanding regarding the matter and also state if you will advance your rates to Nashville and Memphis correspondingly.

Yours, truly,

_____ _____,

Rf. *Chairman.*

FEBRUARY 12, 1903.

Rates on yellow-pine lumber from all producing points to Memphis.

Mr. M. P. WASHBURN,
Chairman, S. E. M. V. Assn., Louisville.

DEAR SIR: Please ascertain by wire if there are any objections to advance in rates on yellow-pine lumber from all producing points to Memphis, 1½ cents per hundred pounds.

Lines west of river are desirous of advancing, providing lines east of the river will do likewise. Have wired Parrott for views of his members.

Yours, truly,

_____ _____,
General Freight Agent.

IC–JH

[Telegram.]

ATLANTA, GA., *Feb. 13th, 1903.*

M. P. WASHBURN,
Louisville, Ky.

Have delayed reply to your wire tenth until could discuss lumber rates with our members in session here. Lines will individually advance lumber rates to St. Louis and Ohio River crossings, effective March first. Our western lumber tariff number one is in such shape that we cannot issue the advanced rates, and consequently will cancel said tariff effective March first, letting advanced issues of individual line stand until we can compile and publish revised tariff.

S. F. PARROTT.

8.54 p. m.

(Stamped on face:) S. E. Miss. Val. Association, Feb. 14, 1903, office of the chairman.

[Telegram.]

ATLANTA, GA., *Feb. 13th, 1903.*

M. P. WASHBURN,
Louisville, Ky.

Have sent following telegram to C. C. Cameron:

"Your wire twelfth submitted to our conference committee in session here today. After full discussion as to proposed advance of rates to Memphis, Tenn., our lines submitted counter proposition as follows: Recommended that, contigent upon like advance from points in Ark., Tex., La., Miss., and Ala., an advance of two cents per hundred lbs. be made in rates on pine lumber from points in Georgia, Florida, and Ala. to Memphis, Tenn., Nashville, and West Nashville, Tenn., and to interior junction points in Ky. and Tennessee, and to intermediate river crossings between Memphis and Cairo. Please advise if satisfactory."

(Signature) S. F. PARROTT.

7.49 p. m.

(Stamped on face:) S. E. Miss. Val. Association, Feb. 14, 1903, office of the chairman.

MOBILE & OHIO RAILROAD CO.,
St. Louis, Mo., Feb. 13, 1903.

Mr. M. P. WASHBURN, *Chairman,*
S. E. M. V. Assn., Louisville, Ky.

DEAR SIR:

Advance in rates on yellow-pine lumber from points in the South to points on and north of the Ohio and east of the Mississippi rivers.

Referring to the above subject, please be advised that it is the intention of the Mobile & Ohio R. R. to advance its rates on hardwood lumber, carloads, from Mobile to Ohio River crossings, St. Louis, and points taking the same rate in Central Freight Assn. territory 2¢ per 100 lbs., effective March 1st, 1903.

Yours, truly,

HAIDEN MILLER, *G. F. A.*

4892 FEB. 13, 1903.

Mr. S. F. PARROTT,
Chairman, Atlanta, Ga.

DEAR SIR:

Proposed advance in the rates on pine lumber from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama,and the Southeast, to Memphis and Nashville, Tenn.

The following communication has just been received from the Asst. freight traffic manager of the Southern Railway:

"Referring to the meeting held in St. Louis on Jan. 30th to give consideration to the question of advances in rates on pine lumber from Southern producing points to Ohio River crossings, St. Louis, and East St. Louis, and points basing thereon:

"Would say that my understanding is that rates to Nashville and to Memphis will be correspondingly advanced. In order that there may be no possible misunderstanding regarding this matter, won't you please issue circular advising parties interested of our understanding and asking that if such parties have an understanding

different from ours, such parties communicate with you to that effect."

Will you please communicate with your members and ascertain if they understand the rates to Memphis and Nashville will be advanced two cents per 100 lbs. along with Ohio River crossings, and to file their declarations accordingly.

Yours, truly,

_____,
Chairman.

Rf.

[Telegram.]

NASHVILLE, TENN., *Feb. 14th, 1903.*

C. C. CAMERON, *Louisville, Ky.*

File E, see my wire thirteenth regarding advance in rates on lumber to Memphis, Nashville, and western Tennessee junctions. This matter was discussed in Atlanta yesterday and it developed that Arkansas, Louisiana, etc., lines had not made any announcement with respect to same, hence, pending further consideration, no change will be made by our line to these points on lumber from Ga., Ala., and Fla. A recommendation will be received through Chairman Parrott's office in connection with the subject which will enable further consideration.

GEO. R. KNOX.

6.42 p. m.

(Stamped on face: Illinois Central R. R., Louisville, Ky., Feb. 15, 8.14 a. m., 1903, telegraph office.)

12443–L

General letter No. 1516.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Feb. 13, 1903.

[File No. 4892.]

To members:

Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast, to all Mississippi and Ohio River crossings between St. Louis and Cincinnati and points north.

Please refer to general letters Nos. 1490, 1499, 1500, 1502, and 1514 and be advised, as information of receipt of the following wire from the chairman of the southwestern tariff committee:

"See our telegram eleventh regarding position Sunset Central as to advance in lumber rates. Chairman in receipt of advice from St. Louis Southwestern Railway that St. Louis Southwestern System will ignore action of Sunset Central and advance will positively go into effect via that line on March first next."

Up to the present time the Sunset Route is the only interested line dissenting from the arrangement to make the advanced rates on lumber effective March 1, 1903.

M. P. WASHBURN, *Chairman.*

Rf

12443–D.

General letter No. 1517.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Feb. 13, 1903.

[File No. 4892.]

To members:

Proposed advance in the rates on pine lumber from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast, to Memphis and Nashville, Tenn.

Please refer to general letters Nos. 1490, 1499, 1500, 1502, 1514, and 1516, wherein advice is given of advance in rates on yellow pine lumber from the territories above described to all Mississippi River and Ohio River crossings between St. Louis and Cincinnati, including those points.

In connection with same attention is here directed to communications received from the asst. freight traffic manager of the Sou. Ry.:

"Referring to the meeting held in St. Louis on Jan. 30th to give consideration to the question of advance in rates on pine lumber from southern producing points to Ohio River crossings, St. Louis, and East St. Louis, and points basing therein:

"Would say that my understanding is that rates to Nashville and to Memphis will be correspondingly advanced. In order that there may be no possible misunderstanding regarding this matter, won't you please issue circular advising parties interested of our understanding and asking that if such parties have an understanding different from ours, such parties communicate with you to that effect."

Members are requested to wire the chairman if they will advance their rates to Memphis and Nashville on yellow pine lumber two cents per 100 lbs. the same as the advance made in the rates to Ohio and Mississippi River crossings, St. Louis, to Cincinnati, inclusive.

M. P. WASHBURN, *Chairman.*

Rf.

General letter No. 1518.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Feb. 14, 1903.

[File No. 4862.]

To members:

Proposed advance in the rates on pine lumber from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to Memphis and Nashville, Tenn.

Please refer to general letters Nos. 1490, 1499, 1500, 1502, 1514, 1516, and 1517, particularly to general letter No. 1517, and be advised of receipt of the following wire from the chairman of the Southeastern Freight Association, which is in reply to a proposition from Mr. C. C. Cameron that predicated upon a like advance in rates by lines west of the Mississippi River, that the rates from Mississippi, Alabama, and southeastern lumber-producing points to Memphis be advanced on yellow pine lumber, C. L. 1½ cents per 100 lbs.

From Chairman Parrott:

"Have sent following telegram to C. C. Cameron:

"'Your wire twelfth submitted to our conference committee in session here to-day. After full discussion as to proposed advance of rates to Memphis, Tenn., our lines submitted counter proposition, as follows:

"'Recommended that contingent upon like advance from points in Ark., Tex., La., Miss., and Ala. an advance of two cents per hundred lbs. be made in rates on pine lumber from points in Georgia, Florida, and Ala. to Memphis, Tenn., Nashville, and West Nashville, Tenn., and to interior junction points in Ky. and Tennessee, and to intermediate river crossings between Memphis and Cairo. Please advise if satisfactory.'"

Members are respectfully requested to wire chairman at once if they will advance the rates from their points to Memphis, Nashville, West Nashville, and interior junction points in Kentucky and Tennessee and to intermediate river crossings between Memphis and Cairo 2 cents per 100 lbs., conditioned upon a like advance from S. E. Assn. territory, Texas, Arkansas, and Louisiana.

M. P. WASHBURN, *Chairman.*

Rb.

12443—L.

General letter No. 1519.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Feb. 14, 1903.

[File No. 4892.]

To members:

Proposed advance in the rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to Mississippi and Ohio River crossings between St. Louis and Cincinnati, including those points.

Please refer to general letters Nos. 1490, 1499, 1500, 1502, 1514, 1516, 1517, and 1518 and be advised, as information, of receipt of the following wire from chairman of the S. E. F. Association:

"Have delayed reply to your wire tenth until could discuss lumber rates with our members in session here. Lines will individually advance lumber rates to St. Louis and Ohio River crossings, effective March first. Our Western lumber tariff number one is in such shape that we can not issue the advanced rates, and consequently will cancel said tariff, effective March first, letting advanced issues of individual line stand until we can compile and publish revised tariff."

M. P. WASHBURN, *Chairman.*

Rb.

[Illinois Central Railroad Company. Telegram.]

FEBRUARY 14, 1903.

E. A. NIEL, *Atlanta, Ga.:*

Your file B, will you please let me know if it is intention of other lines to advance rates from Southeast to western termini points on yellow pine? We are anxious that these rates be advanced, but

do not feel that we can make any changes unless other lines do likewise.

C. C. CAMERON.

D. H. Western Union 2058.

[Copy.]

ST. LOUIS, MO., *Feb. 16, 1903.*

Mr. M. P. WASHBURN,
Chairman, S. E. M. V. Assn., Louisville, Ky.

DEAR SIR: Advance in rates on yellow pine lumber from points in the South to points on and north of the Ohio and east of the Mississippi rivers.

Please refer to general letter No. 1517 and 1518, respecting advance in rates on pine lumber from producing points in the South to Memphis and Nashville, Tenn.

This is to advise that it will be the purpose of the Mobile & Ohio R. R. to advance its rates on pine lumber from points of production on our line to Memphis, Nashville, and West Nashville, Tenn., and to interior junction points in Kentucky and Tennessee 2¢. per 100 lbs., except that we will reserve the right to make the Cairo rate the maximum to interior Kentucky and Tennessee junctions on our line.

Yours, truly, HAIDEN MILLER, *G. F. A.*

[Copy.]

NASHVILLE, CHATTANOOGA & ST. LOUIS RAILWAY.
Nashville, Tenn., February 16th, 1903.

Rate adjustment: Rates on lumber southeastern points to Ohio River crossings, St. Louis and group, Memphis and Nashville.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Your general letter 1517:

Our announcement under date 7th instant, as filed with you, contemplates advance of the rates to Nashville and Memphis to the extent of 2 cents per hundred pounds, effective March 1st, in line, with the advanced rates to Ohio River crossings. At meeting of the Southeastern Freight Association at Atlanta 13th instant this point was brought up and discussed, and attention was called to the fact that the St. Louis meeting January 30th did not provide for an advance to Memphis, Nashville, or interior Kentucky and Tennessee junctions. A resolution was then offered recommending that dependent upon a similar advance from Arkansas, Texas, Louisiana, Mississippi, and Alabama to Memphis and Nashville an advance of 2 cents per hundred pounds to be made in the rates from Florida, Georgia, and Alabama to Nashville, West Nashville, Memphis; also to interior Kentucky and Tennessee junctions. Chairman Parrott communicated this resolution to Chairman Cameron, with request that the matter be brought before the southwestern lines participating in the St. Louis meeting January 30th, 1903. See your general letter 1518.

We are entirely willing to keep Nashville, Memphis, and interior Kentucky and Tennessee junctions in line and assume the formality of securing advice from the lines operating in the southwestern territory mentioned, with respect to making corresponding

advance to that which will take effect to Ohio River crossings on the 1st proximo will speedily be complied with.

Naturally advance to Nashville, Memphis, and interior Kentucky and Tennessee junctions will follow, but we may not be able to make it effective on March 1st, 1903.

Hickman, Belmont, Columbus, and group will be advanced March 1st in line with the advance to Cairo, St. Louis, et cetera.

Yours, truly,

GEO. R. KNOX,
General Freight Agent, G. T. G.

Mobile & Ohio Railroad Co. General freight department: Haiden Miller, general freight agent; J. M. Denyven, assistant general freight agent.]

ST. LOUIS, MO., *Feb. 16, 1903.*

In replying please refer to file No. 1/77676 B.

Mr. M. P. WASHBURN,
Chairman S. E. M. V. Assn., Louisville, Ky.

DEAR SIR: Advance in rates on yellow pine lumber from points in the south to points on and north of the Ohio and east of the Mississippi rivers.

Referring to general letter No. 1514, quoting telegraphic advice received from the chairman of the Southwestern Tariff Committee.

Our understanding of this matter is the same as the freight traffic manager of the Frisco, i. e., that the present rates from points in Louisiana are carried voluntarily 2 c. per 100 lbs. higher than the Arkansas rates by the initial lines, hence we can readily ignore the advice received from the Southern Pacific not to change their rates until the 1st of April, as the present adjustment leaves them on the relative basis and our advanced rates will go into effect as we have previously announced.

Yours, truly, HAIDEN MILLER, *G. F. A.*

(Stamped on face:) S. E. Miss. Val. Association. Office of the chairman. Feb. 17, 1903. a. m.

ILLINOIS CENTRAL RAILROAD COMPANY,
OFFICE OF GENERAL FREIGHT AGENT,
Louisville, Feb. 17th, 1903.

In replying please refer to file 12443–A.

Advance in pine lumber rates.

Mr. N. W. MCLEOD,
President Southern Lumber Mfrs. Assn., St. Louis, Mo.

DEAR SIR: Referring to your favor of Feb. 11th, which was acknowledged during my absence from headquarters:

We shall be willing to meet a committee from your board of directors, together with other traffic officials, to discuss the question, and will attend at any time and place that is satisfactory to the other interests.

In the meantime I do not know that there is much to be said, excepting that we have not made the advance in pine rates without careful consideration, and which you seem to intimate was done.

The matter of rates on other kinds of lumber, so far as our road is concerned, is now receiving our attention, and the question as to whether any advance can be made in those rates will be decided upon its merits.

Our new tariff on pine lumber has already been issued, effective March 1st, and I am disposed to think we shall have to allow it to become operative on that date.

Yours, truly,

C. C. CAMERON, *G. F. A.*

IC.

[D. M. Goodwyn, genl. freight agent; C. R. Brent, asst. genl. freight agent; C. D. Boyd, asst. genl. freight agent.]

LOUISVILLE & NASHVILLE RAILROAD COMPANY,
OFFICE OF THE GENERAL FREIGHT AGENT,
Louisville, Ky., February 17, 1903. F.

Important.

In your reply refer to Fig.

Mr. M. P. WASHBURN,
Chairman, Louisville, Kentucky.

DEAR SIR: Proposed advance in the rates on pine lumber from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the southeast to Memphis and Nashville.

Please see your general letter 1518, file No. 4892, of the 14th instant:

We believe it proper to advance the rates on yellow pine lumber from points in the southeast to Memphis, Nashville, West Nashville, and interior junction points in Kentucky and Tennessee and intermediate river crossings between Memphis and Cairo 2 cents per hundred pounds, conditioned upon a like advance from S. E. F. Association territory, Texas, Arkansas, and Louisiana, and would be willing to advance our rates on this basis.

Yours, truly,

D. M. GOODWYN, *G. F. A.*

NEW ORLEANS, LA., 17. *Feb. 17, 1903.*

M. P. WASHBURN, *Louisville, Ky.:*

S. general letters fifteen, seventeen, and eighteen, your file forty-eight ninety-two, will advance rates on pine lumber from stations on these lines to Memphis, Nashville, and interior junction points in Kentucky and Tennessee if like advance is made by other lines members of association and from territory in Texas, Arkansas, and Louisiana; advise effective date.

T. F. STEELE.

9.16 p. m.

(Stamped on face:) S. E. Miss. Val. Association. Office of the chairman. Feb. 18, 1903. a. m.

THE SOUTHEASTERN FREIGHT ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Atlanta, Ga., February 17th, 1903.

[S. F. Parrott, Chairman.]

File 34974.

Rates on pine lumber, carloads, to the West.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Your letter of February 13th, file 4892.

The question of advance of rates on lumber to Memphis and Nashville and Tennessee and Kentucky junction points was discussed in all its phases by conference committee here on Friday last, it being brought to the attention of the conference committee that in filing separate written declarations on pine lumber, carloads, to the West, some of the declarations were limited to river crossings, St. Louis to Cincinnati, inclusive, points beyond the Ohio River and east of the Mississippi River, and west of the western termini of the trunk lines, to be made on combination; while some of the other, and, in fact, a majority of the declarations, made the two cents advance to Memphis and Nashville and junction points in Tennessee and Kentucky. As the result of said discussion we telegraphed Mr. C. C. Cameron, chairman of the St. Louis meeting, repeating said telegram to you also. We have not as yet heard from Mr. Cameron as to the counter proposition submitted by the initial southeastern lines.

Yours, truly,

S. F. PARROTT, *Chairman.*

[Queen & Crescent Route; Alabama Great Southern Railroad Company. L. Sevier, General Freight Agent.]

OFFICE OF THE GENERAL FREIGHT AGENT,
Birmingham, Ala., Feb. 18th, 1903.

Refer to File. C–3559–A.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Referring to your general letter 1517, file 4892. We are agreeable to advancing the rate on lumber to Nashville and Memphis 2 cts. per cwt.

Yours, truly,

L. SEVIER,
General Freight Agent.

(Stamped on face:) S. E. Miss. Val. Association, office of the chairman, p. m. Feb. 19, 1903.

[Telegram.]

NASHVILLE, TENN., *Feb. 16th, 1903.*

M. P. WASHBURN,
Louisville, Ky.:

General letter fifteen eighteen received to-day. We favor advance in pine lumber rates to Nashville, Memphis, Ky., and Tenn. junctions of two cents per hundred pounds, contingent upon similar advance from Ark., Texas, Louisiana, Miss., and Alabama points. File S.

G. R. KNOX.

7.53 p. m.
(Stamped on face:) S. E. Miss. Val. Association, office of the chairman, Feb. 17, a. m., 1903.

General letter No. 1528.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., February 18, 1903.

[File No. 4892.]

To Members:

Proposed advance in rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the southeast to Mississippi and Ohio River crossings between St. Louis and Cincinnati, including those points.

Please refer to general letters Nos. 1490, 1499, 1500, 1502, 1514, 1516, 1517, 1518, 1520, and 1528, particularly to announcement made in general letter No. 1514, relative to the attitude of the Sun Set Route, and be advised of receipt of the following communication from the general freight agent of the Mobile & Ohio Railroad:

"Referring to general letter No. 1514, quoting telegraphic advice received from the chairman of the Southwestern Tariff Committee.

"Our understanding of this matter is the same as the freight traffic manager of the Frisco, i. e., that the present rates from points in Louisiana are carried voluntarily 2 cents per 100 lbs. higher than the Arkansas rates by the initial lines, hence we can readily ignore the advice received from the Southern Pacific not to change their rates until the first of April, as the present adjustment leaves them on the relative basis, and our advanced rates will go into effect as we have previously announced."

R-w

M. P. WASHBURN, *Chairman.*

General letter No. 1530.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Feb. 18, 1903.

[File No 4892.]

To Members:

Proposed advance in the rates on pine lumber from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the southeast to Memphis and Nashville, Tenn., etc.

Please refer to general letters Nos. 1517, 1518, and 1527 and be advised of receipt of the following additional replies to our request for announcements relative to rates on yellow pine lumber to Memphis, Nashville, West Nashville, and to interior junction points in Kentucky and Tennessee and to intermediate Ohio River crossings between Memphis and Cairo, viz:

From the G. N. A. L. & N. R. R. (His file fig.):

"Please see our general letter 1518, file No. 4892, of the 14th instant.

"We believe it proper to advance the rates on yellow pine lumber from points in the southeast to Memphis, Nashville, West Nashville, and interior junction points in Kentucky and Tennessee, and intermediate river crossings between Memphis and Cairo, 2 cents per hundred pounds, conditioned upon a like advance from S. E. F. Association territory, Texas, Arkansas, and Louisiana, and would be willing to advance our rates on this basis."

From the G. N. A., N. O. & N. E. R. R. and A. & V. Ry., and V. S. & P. R. R. (his file S):

"S. General letters fifteen, seventeen, and eighteen, your file forty-eight ninety-two, will advance rates on pine lumber from stations on these lines to Memphis, Nashville, and interior junction points in Kentucky and Tennessee if like advance is made by other lines members of association, and from territory in Texas, Arkansas, and Louisiana, advise effective date."

As soon as the purpose of the lines west of the Mississippi River with reference to this question has been made known the chairman will notify all concerned of the effective date covering the changes in the rates to Memphis, Nashville, etc.

M. P. WASHBURN, *Chairman.*

Rb.

4892. FEB. 18, 1903.

Mr. GEO. W. CALE, *Chairman, St. Louis, Mo.*

DEAR SIR: Proposed advance in rates on yellow pine lumber from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast, to Mississippi and Ohio river crossings between St. Louis and Cincinnati, including those points.

Your file No. 8100. Please refer to our letter of the 12th inst., explaining attitude of the lines east of the Mississippi River concerning an advance in the rates on yellow pine lumber to Memphis, Nashville, West Nashville, etc., and to interior junction points in Kentucky and Tennessee, and to intermediate Ohio River crossings between Memphis and Cairo. I beg to hand you herewith copy of our general letters Nos. 1517, 1518, 1527, and 1530.

Will you please arrange to advise at the earliest practicable moment if your lines are prepared to concur in the matter of advance, i. e., 2 cents per 100 lbs. from their points to the territory described?

Yours, truly,

———— ————, *Chairman.*

Rb.

4892. FEBRUARY 18, 1903.

Mr. N. W. McLEOD,
Prest. Southern Lumber Manufacturers' Assn., St. Louis, Mo.

DEAR SIR: Proposed advance in rates on yellow pine lumber from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to Mississippi and Ohio river crossings between St. Louis and Cincinnati, including those points.

Acknowledging receipt of yours of the 10th instant, I would advise that the proposed advance in rates on yellow pine lumber from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the southeast, to St. Louis, etc., was not directly handled under the auspices of this association. The matter was handled by the individual interested lines.

It is my understanding that you are now in direct correspondence with some of these lines, and that they have agreed to give your association a favorable opportunity to lay your case before them. Under the circumstances, I do not see that I can be of any service to you.

Yours, truly,

——— ———, *Chairman.*

Rb.

4892. FEBRUARY 18, 1903.

Mr. S. F. PARROTT, *Chairman, Atlanta, Ga.*

DEAR SIR:

Proposed advance in rates on yellow pine lumber from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to Mississippi and Ohio River crossings between St. Louis and Cincinnati, including those points.

Again referring to your wire of the 13th, and supplementing information furnished in general letter No. 1527, I herewith attach copy of our general letter 1530, showing announcements of the L. & N., N. O. & N. E., A. & V., and V. S. & P. R. Rs. with reference to rates to Memphis, Nashville, etc.

Yours, truly,

——— ———, *Chairman.*

Rb.

4892. FEB. 18, 1903.

Mr. C. C. CAMERON,
G. F. A., Louisville, Ky.

DEAR SIR:

Rates on yellow-pine lumber from all producing points to Memphis, Tenn.

Referring to your letter of the 12th (carbon of which is attached) and to subsequent conversation between the writer and your Mr. Hattendorf. With reference to the same will you please advise if you take up this matter of advance in rates to Memphis and Nashville, etc., with the Texas and Arkansas lines; and if so, what is the present outlook for an advance of 2 cents being made in the rates. Will you please advise?

In this matter of advances to Memphis and Nashville we are depending entirely on you to secure the necessary concurrence, although it is a fact that under date of Feb. 12th we quoted Mr. Cale a letter received from Mr. McClung, which was incorporated in our general letter No. 1517, requesting to know if Texas lines will advance their rates effective March 1st on yellow-pine lumber to Memphis to correspond with advance made in the rates to St. Louis and East St. Louis.

Yours, truly,

_____,
Chairman.

R–w

4892. FEB. 18, 1903.

Mr. G. W. CALE,
Chairman, St. Louis, Mo.

DEAR SIR:

Proposed advance in the rates on pine lumber from producing points in Texas, Louisiana, Arkansas, Missippi, Alabama, and the Southeast to Memphis and Nashville, Tenn.

Your file 8100. Will you please refer to my letter of the 12th inst., relative to advance in rates from Texas points to Memphis, Tenn., and be good enough to favor me with a reply thereto.

Yours, truly,

_____,
Chairman.

R–w–17

4892 FEB. 18, 1903.

Mr. S. F. PARROTT,
Chairman, Atlanta, Ga.

DEAR SIR:

Proposed advance in the rates on pine lumber from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to Memphis and Nashville, Tenn.

Referring to your wire of the 13th, as information I attach hereto a copy of general letter No. 1527, which shows the situation at present with reference to advance in rates to Memphis, Nashville, etc.

As replies are received from other members we will advise you.

Yours, truly,

_____,
Chairman.

Rw–17.

4892 SOUTHERN RAILWAY COMPANY,
OFFICE OF ASSISTANT FREIGHT TRAFFIC MANAGER,
LOUISVILLE, KY., *Feb. 19, 1903.*

Refer to file 11683–B

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR:

Rate adjustment: Rates on lumber from Mobile, Ala., to Ohio River crossings and beyond.

Your letter of the 12th, file 4892.

It is not intended that you should submit this for the views of anybody.

We simply desired you to issue notice of our action, which is not proposed, but definitely taken.

Yours, truly,

LEE MCCLUNG,
A. F. T. M.

P/20. S.

(Stamped on face:) S. E. Miss. Val. Association. Feb. 21, 1903. Office of the chairman.

(Stamped on face:) Answered Feb. 23, 1903. W. R. Ramsey.

ST. LOUIS, MO., *February 20th, 1903.*

Please refer to file 8100.

Rates on lumber.

Mr. M. P. WASHBURN,
Chairman, S. E. M. V. Assn., Louisville, Ky.

DEAR SIR: Referring to your two letters of the 18th inst., file 4892, relative to advance in rates on lumber, Texas points to Memphis.

On receipt of your previous communication on this subject chairman submitted proposition to interested lines, but up to the present time have only one advice, which is to the effect that efforts were being made to secure a meeting of interested lines to accomplish results indicated. Check of the rates would, however, have to be made.

You will note that this was not touched upon in recommendation presented to the members of this committee by Southeastern lines.

Yours, truly,

G. W. CALE, *Chairman.*

W-1.

LOUISVILLE, *February 20th, 1903.*

S. F. PARROTT, *Atlanta, Ga.*
A. S. DODGE, *St. Louis, Mo.*
T. J. HUDSON, *Chicago, Ill.*
J. T. POE, *Mobile, Ala.*
T. F. STEELE, *New Orleans, La.*
T. C. POWELL, *Washington, D. C.*
W. A. WINBURN, *Savannah, Ga.*
H. M. EMERSON, *Portsmouth, Va.*
E. F. COST, *Wilmington, N. C.*
J. M. CUTLER, *Macon, Ga.*
H. F. SMITH, *Nashville, Tenn.*

Please refer to matter of advance in rates on lumber from producing territory east of Mississippi River to Ohio River points and beyond, effective March first. It has been ascertained that transportation lines in the South have refused to furnish cars in which to load, and to move cars when loaded to destination, on demand. We find some of the companies have for some time been refusing to permit their cars to be loaded to points in territory to which the rates advance, and some of the mills whose trade is almost exclusively in the embargoed territory have been practically forced to suspend shipments for many days. Therefore we feel the equitable procedure will be to protect, on contracts, the rates in effect before notice of advance in rates was given for shippers located on L. & N. Railroad, and business from connecting lines also should be protected in same manner. We feel this

should be done, and that we should participate in same procedure on shipments from points on connecting lines reaching destination via L. & N. road. An extraordinary and exceptional condition is developed in this matter, and we feel it is unjust for the companies to decline to furnish equipment or permit shipments to move and then advance the rates without protection. Therefore we desire to give notice that we will not exact the advance, because it is not equitable, on shipments contracted for prior to notice of advance, for which carriers have been unable and unwilling to furnish equipment. We desire to say further it is our belief the advance in rates is warranted and should prevail, and the suggestions above are prompted by a desire to do no injustice. Will be glad to hear from you and believe your opinion will coincide with ours. Joint to Parrott, Dodge, Hudson, Poe, Steele, Powell, Winburn, Emerson, Cost, Cutler, Smith, Washburn.

C. B. COMPTON.

4653–10 a. m.

General letter No. 1536.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Feb. 20, 1903.

[File No. 4892.]

To members:

Proposed advance in the rates on pine lumber from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to Memphis and Nashville, Tenn., etc.

Please refer to general letters Nos. 1517, 1518, 1527, 1530, subject as above, and be advised, as information, of receipt of the following from the general freight agent of the AGS RR:

"Referring to your general letter 1517, file 4892. We are agreeable to advancing the rate on lumber to Nashville and Memphis two cents per cwt."

The situation at present with reference to this matter is that all SEMVA lines, except the IC, Y & MV, CNO & TP, and KCM & B have now filed written declarations with the chairman of their purpose to advance their rates on lumber to Memphis, Nashville, West Nashville, and to interior junction points in Kentucky and Tennessee and to intermediate Ohio River crossings between Memphis and Cairo.

So far as the IC and Y & MV railroad companies are concerned, we received telephone advice to-day that these companies will also advance their rates two cents per 100 lbs. to the territory described.

As to the CNO & TP and KCM & B roads, we are advised that neither of these lines originate any business, and it is not therefore necessary to secure their declarations.

Advice has not yet been received, however, from the lines west of the Mississippi River as to their intentions with respect to this proposition. We are in communication with Chairman Cale, and will advise result of our correspondence at the earliest practicable moment.

M. P. WASHBURN, *Chairman.*

Rf.

FEB. 20, 1903.

4892
Mr. G. W. CALE,
Chairman, St. Louis, Mo.

DEAR SIR:

Proposed advance in the rates on pine lumber from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to Memphis and Nashville, Tenn., etc.

Your file 8100. I attach hereto a copy of our general letter No. 1536, which we are sending our members to-day. The same is explanatory. Will you please advise at the earliest practicable moment if the Texas and Arkansas lines will advance their rates two cents per 100 lbs. to Memphis, Nashville, West Nashville, and to interior junction points in Mississippi and Tennessee and to intermediate Ohio River crossings between Memphis and Cairo. If you are not in position to furnish this information at present will you please push the matter as much as possible and also advise on what date the advances will be made effective, providing your lines agree to the advance.

Yours, truly,

_____,
Chairman.

Rf

[Illinois Central Railroad Company. Telegram.]

LOUISVILLE, *Feby. 20th, 1903.*

H. E. FARRELL, *St. Louis, Mo.*:

See correspondence relative to advance in rates on pine lumber to Memphis. Lines east of Mississippi River are willing to advance the rate two cents per hundred pounds corresponding with advance made to Ohio River, etc. Understand Washburn submitted proposition through Cale for similar advance from points west of river. Please let me know status of matter and if you can not hurry concurrence on the part of western roads. Answer. B 2.

C. C. CAMERON.

Postal 609.

[Telegram.]

NEW YORK, N. Y., *Feb. 21, 1903.*

C. C. CAMERON, *Louisville, Ky.*:

At informal conference held here to-day, which is considering application Georgia Saw Mill Association for postponement effective date advanced lumber rates to the west and notice of certain lines of intention to protect present rates on lumber already contracted for to same territory, it has been decided to invite southeastern Mississippi Valley lines to attend conference already arranged by southeastern lines with lumber association at Atlanta Tuesday, twenty-fourth, to decide upon uniform procedure after complaint has been heard. Please arrange to attend.

S. F. PARROTT.

4.00 p. m.

H 12442 L. FEBY. 21ST, 1903.

Divisions of rates on pine lumber.

Mr. T. P. HALE,
G. F. A., Gulfport, Miss.

DEAR SIR: I presume you have received copy of our tariff A-8110, applying on pine lumber; also our A-8112, applying from your stations.

We have issued division sheet to these tariffs allowing you the same proportions that you formerly received on this lumber, it being the intention to absorb the advance of two cents per hundred pounds in the proportion north of Jackson, Miss.

I will state as information that similar position is being taken by all southern roads, it being felt that the advance should accrue to lines beyond the initial road's junction, who are, of course, performing the greatest service.

Please acknowledge receipt.

Yours, truly,

I. C.—JH *General Freight Agent.*

Copy to W. M. R.

General letter No. 1539.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Feb. 21, 1903.

[File No. 4892.]

To Members:

Proposed advance in the rates on pine lumber from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to Memphis and Nashville, Tenn., etc.

Please refer to general letters Nos. 1517, 1518, 1527, 1530, and 1536, subject as above, and be advised, as information of receipt of the following communications:

From the freight traffic manager of the Southern Railway:

"Your wire twentieth, rates on lumber. I do not concur in your view that we should postpone advance in lumber rates until shippers can forward all lumber contracted for prior to notice of advance. The Southern Railway has not restricted the movement of its cars and has supplied cars to the extent of its ability and of this the mills have been fully advised from time to time. Therefore sales made beyond the capacity of the transportation companies to handle show lack of judgment. Your recommendation carries with it an indefinite postponement of the advance in rates at a time when we need additional revenue. Do I understand your telegram to be definite notice that you will make no advance? Original Compton, Copies Parrott, Dodge, Hudson, Poe, Steele, Winburn, Emerson, Cost, Cutler, Smith, and Washburn."

From the traffic manager of the L. & N. R. R.:

"Please refer to matter of advance in rates on lumber from producing territory east of Mississippi River to Ohio River points and

beyond, effective March first. It has been ascertained that transportation lines in the South have refused to furnish cars in which to load and to move cars when loaded to destination on demand. We find some of the companies have for some time been refusing to permit their cars to be loaded to points in the territory to which the rates advance, and some of the mills whose trade is almost exclusively in the embargoed territory have been practically forced to suspend shipments for many days. Therefore we feel the equitable procedure will be to protect, on contracts, the rates in effect before notice of advance in rates was given for shippers located on L. & N. R. R., and business from connecting lines also should be protected in same manner. We feel this should be done and that we should participate in same procedure on shipments from points on connecting lines reaching destination via L. & N. road. An extraordinary and exceptional condition is developed in this matter, and we feel it is unjust for the companies to decline to furnish equipment or permit shipments to move and then advance the rates without protection. Therefore we desire to give notice that we will not exact the advance, because it is not equitable, on shipments contracted for prior to notice of advance, for which carriers have been unable and unwilling to furnish equipment. We desire to say further it is our belief the advance in rates is warranted and should prevail and the suggestions above are prompted by a desire to do no injustice. Will be glad to hear from you, and believe your opinion will coincide with ours. Joint to Parrott, Dodge, Hudson, Poe, Steele, Powell, Winburn, Emerson, Cost, Cutler, Smith, Washburn."

M. P. WASHBURN,
Chairman.

Rf

General letter No. 1540.

12443-L.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Feb. 21, 1903.

[File No., 4892.]

To members:

Proposed advance in the rates on pine lumber from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to Memphis and Nashville, Tenn., etc.

Please refer to general letters Nos. 1517, 1518, 1527, 1530, 1536, and 1539 and be advised as information of receipt of the following from the general freight agent of the Texas & Pacific Railway:

"Referring to your letter of Feb. 13th, file 4746, enclosing general letter No. 1515, advising that the Southern Railway Company's rates from New Orleans and Mobile to Ohio River crossings will not be made effective until March 1st, 1903. This is to advise that regardless of the Southern Railway Company's action this company will permit its rates to become effective Feb. 21, 1903."

M. P. WASHBURN, *Chairman.*

Rf.

ILLINOIS CENTRAL RAILROAD COMPANY,
OFFICE OF GENERAL FREIGHT AGENT.
Louisville, Feby. 21st, 1903.

In replying please refer to file H12443 L.

Rates on yellow-pine lumber from all producing points to Memphis, Nashville, etc.

Mr. M. P. WASHBURN,
Chairman S. E. M. V. Asso'n., Louisville.

DEAR SIR: Replying to your letter of Feby. 18th, file 4892.

So far as our company is concerned we have no objection to advance of two cents per hundred pounds in rates to Memphis, Nashville, etc. In fact, we are in favor of such advance being made. We so advised Arkansas lines some time ago, but I will telegraph them again to-day and see what action has been taken.

I presume you are in touch with the S. E. F. Association lines and that they have not objected to the advance.

Yours, truly,
C. C. CAMERON,
General Freight Agent.

I. C.-JH.

HATTENDORF.

[Telegram.]

MACON, GA., *Feb. 21, 1903.*

M. P. WASHBURN, *Louisville, Ky.:*

Your wire twentieth regarding advance in lumber rates, this co. has not refused to furnish cars for lumber to move to any territory designated by shippers, but has made every effort in this direction. We favor the protection of contracts made at rates in effect before notice of advance in rates was given, but we suggest that the preferable and simpler procedure would be to postpone the date of the advance to April or May first. Original Compton; copy Parrott, Dodge, Hudson, Poe, Steele, Powell, Winburn, Emerson, Cost, Smith, and Washburn.

JOHN M. CUTLER.

423PM.

LOUISVILLE, *February 21st, 1903.*

S. F. PARROTT, *Atlanta, Ga.,*
A. S. DODGE, *St. Louis, Mo.,*
J. T. POE, *Mobile, Ala.,*
T. F. STEELE, *New Orleans, La.,*
T. C. POWELL, *Washington, D. C.,*
W. A. WINBURN, *Savannah, Ga.,*
H. M. EMERSON, *Wilmington, N. C.,*
E. F. COST, *Portsmouth, Va.,*
J. M. CUTLER, *Macon, Ga.,*
H. F. SMITH, *Nashville, Tenn.:*

With further reference to my telegram twentieth, reference rates on lumber: It is not our purpose to postpone the advance in rates until all shippers can forward all lumber contracted for prior to notice of advance. The idea we desired to convey was that an extraordinary and exceptional condition is developed in the matter, and that we felt it unfair to charge the advanced rate where the

railroad had failed to furnish the cars, or where they had placed an embargo on the movement of the cars. Our notice is to the effect we will not exact the advance on shipments contracted and ready to move prior to notice of advance, for which carriers have been unable or unwilling to furnish equipment. Where the railroads have been unable or unwilling to furnish equipment, and it is no fault of the shipper, then we desire to protect the old rates. The matter is having further careful consideration.

Joint to Parrott, Dodge, Poe, Steele, Powell, Winburn, Emerson, Cost, Cutler, Smith, Washburn, Bowes.

C. B. COMPTON.

4653—5 pm.

[Telegram.]

WASHINGTON, D. C., *Feb. 21, 1903.*

M. P. WASHBURN, *Louisville, Ky.:*

Your wire twentieth rates on lumber. I do not concur in your view that we should postpone advance in lumber rates until shippers can forward all lumber contracted for prior to notice of advance. The Southern Ry. has not restricted the movement of its cars and has supplied cars to the extent of its ability, and of this the mills have been fully advised from time to time. Therefore sales made beyond the capacity of the transportation companies to handle shows lack of judgment. Your recommendation carries with it an indefinite postponement of the advance in rates at a time when we need additional revenue. Do I understand your telegram to be definite notice that you will make no advance. Original Compton; copies Parrott, Dodge, Hudson, Poe, Steele, Winburn, Emerson, Cost, Cutler, Smith, and Washburn.

T. C. POWELL.

1.15 PM.

General letter No. 1539—Corrected.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Feb. 23, 1903.

[File No., 4892.]

To members:

Proposed advance in rates on pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Mississippi and Ohio River crossings between St. Louis and Cincinnati, including those points; also Memphis, Nashville, West Nashville, and to interior junction points in Kentucky and Tennessee, and to intermediate river crossings between Memphis and Cairo.

Please refer to general letters Nos. 1490, 1499, 1500, 1502, 1514, 1516, 1517, 1518, 1519, 1520, 1527, 1528, 1530, and 1536, and be advised, as information, of receipt of the following correspondence, which has reference to the protection of the present rates on lumber shipped on contracts made prior to the notice of advance in rates:

From the traffic manager of the L. & N. R. R.:

"Please refer to matter of advance in rates on lumber from producing territory east of Mississippi River to Ohio River points and beyond, effective March first. It has been ascertained that transportation lines in the South have refused to furnish cars in which to load and to move cars when loaded to destination on demand. We find some of the companies have for some time been refusing to permit their cars to be loaded to points in the territory to which the rates advance, and some of the mills whose trade is almost exclusively in the embargoed territory have been practically forced to suspend shipments for many days. Therefore we feel the equitable procedure will be to protect, on contracts, the rates in effect before notice of advance in rates was given for shippers located on L. & N. R. R., and business from connecting lines also should be protected in same manner. We feel this should be done, and that we should participate in same procedure on shipments from points on connecting lines reaching destination via L. & N. road. An extraordinary and exceptional condition is developed in this matter, and we feel it is unjust for the companies to decline to furnish equipment or permit shipments to move and then advance the rates without protection. Therefore we desire to give notice that we will not exact the advance, because it is not equitable, on shipments contracted for prior to notice of advance, for which carriers have been unable and unwilling to furnish equipment.

"We desire to say, further, it is our belief the advance in rates is warranted and should prevail, and the suggestions above are prompted by a desire to do no injustice. Will be glad to hear from you and believe your opinion will coincide with ours.

"Joint to Parrott, Dodge, Hudson, Poe, Steele, Powell, Winburn, Emerson, Cost, Cutler, Smith, Washburn."

From the freight traffic manager of the Southern Railway:

"Your wire twentieth, rates on lumber. I do not concur in your view that we should postpone advance in lumber rates until shippers can forward all lumber contracted for prior to notice of advance. The Southern Railway has not restricted the movement of its cars and has supplied cars to the extent of its ability, and of this the mills have been fully advised from time to time. Therefore sales made beyond the capacity of the transportation companies to handle shows lack of judgment. Your recommendation carries with it an indefinite postponement of the advance in rates at a time when we need additional revenue. Do I understand your telegram to be definite notice that you will make no advance.

"Original Compton; copies Parrott, Dodge, Hudson, Poe, Steele, Winburn, Emerson, Cost, Cutler, Smith, and Washburn."

From the general freight agent of the G. S. & F. R. R.:

"Your wire twentieth, regarding advance in lumber rates. This company has not refused to furnish cars for lumber to move to any territory designated by shippers, but has made every effort in this direction. We favor the protection of contracts made at rates in effect before notice of advance in rates was given, but we suggest that the preferable and simpler procedure would be to postpone the date of the advance to April or May first.

"Original Compton; copies Parrott, Dodge, Hudson, Poe, Steele, Powell, Winburn, Emerson, Cost, Smith, and Washburn."

From the traffic manager of the L. & N. R. R.:

"With further reference to my telegram twentieth, reference rates on lumber: It is not our purpose to postpone the advance in rates until all shippers can forward all lumber contracted for prior to notice of advance. The idea we desired to convey was that an extraordinary and exceptional condition is developed in the matter and that we felt it unfair to charge the advanced rate where the railroad had failed to furnish the cars or where they had placed an embargo on the movement of the cars. Our notice is to the effect we will not exact the advance on shipments contracted and ready to move prior to notice of advance for which carriers have been unable or unwilling to furnish equipment. Where the railroads have been unable or unwilling to furnish equipment, and it is no fault of the shipper, then we desire to protect the old rates. The matter is having further careful consideration.

"Joint to Parrott, Dodge, Poe, Steele, Powell, Winburn, Emerson, Cost, Cutler, Smith, Washburn, Bowes."

From the freight traffic manager of the Southern Railway:

"Your wire 21st, advance in lumber rates. It is important that you state definitely whether you will put your advanced rates into effect on March 1st or whether said advance will be postponed. I do not understand that there is any practicable way of providing for contracts. Original Compton; copies Parrott, Dodge, Poe, Steele, Winburn, H. H. Emerson, Cost, Cutler, H. F. Smith, Washburn, Bowes, Niel."

Signature.

Referring to the last quotation, we have replied to Mr. Powell that we have made no change in the effective date of our rate advices Nos. 5624, 5625, and 5626, as the result of Mr. Compton's communication.

We have been awaiting replies from other interested lines before taking any action in the premises.

As the case stands, the association's publications provide that the advances referred to in the various general letters cited in the first paragraph of this general letter will take effect March 1st, 1903, without any qualification.

M. P. WASHBURN,
Chairman.

General letter No. 1542.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., Feb. 23, 1903.

[File No. 4892.]

To Members:

Proposed advance in rates on pine lumber from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to Memphis and Nashville, Tenn., etc.

Please refer to general letters Nos. 1517, 1518, 1527, 1530, and 1536, and be advised, as information, of receipt of the following reply from the chairman of the southwestern tariff committee:

"Referring to your two letters of the 18th inst., file 4892, relative to advance in rates on lumber, Texas points to Memphis.

"On receipt of your previous communication on this subject chairman submitted proposition to interested lines, but up to the present time have only one advice, which is to the effect that efforts were being made to secure a meeting of interested lines to accomplish result indicated. Check of the rates would, however, have to be made.

"You will note that this was not touched upon in recommendation presented to the members of this committee by southeastern lines."

Also the following from the general freight agent of the Ill. Central Railroad:

"Replying to your letter of Feb. 18th, file 4892.

"So far as our company is concerned, we have no objection to advance of two cents per hundred pounds in rates to Memphis, Nashville, etc. In fact, we are in favor of such advance being made. We so advised Arkansas lines some time ago, but I will telegraph them again to-day and see what action has been taken.

"I presume you are in touch with the S. E. F. Association lines and that they have not objected to the advance."

M. P. WASHBURN,
Chairman.

Rf.

FEBRUARY 23, 1903.

T. C. POWELL, *Washington, D. C.:*

Your wire to-day. We have made no changes in effective date of our rate advices numbers fifty-six twenty-four, fifty-six twenty-five, and fifty-six twenty-six as result of Mr. Compton's letter.

M. P. WASHBURN.

Ans. D. H. 427—23rd.

[Telegram.]

CHICAGO, *February 23, 1903.*

T. C. POWELL, *Southern Railway, Washington, D. C.:*

Your telegram this date. You understand, of course, that this company did not raise the question of protecting contracts after March first. On the contrary, as stated to Compton in reply to his telegram, we are prevented by injunction from doing so and can not legally do so. Am waiting to hear from him definitely as to what his company is going to do before I can decide what we will do. In my opinion, it is very unfortunate that L. & N. should embarrass this proposed advance at this late hour. Copies to Parrott, Washburn, Dodge, Steele, Poe, Winburn, Emerson, Cost, Cutler, and H. F. Smith.

F. B. BOWES.

[Telegram.]

WASHINGTON, D. C., *Feb. 23rd, 1903.*

M. P. WASHBURN, *Louisville, Ky.:*

Your wire twenty-first, advance in lumber rates, it is important that you state definitely whether you will put your advance rates into effect on March first or whether said advance will be postponed. I do not understand that there is any practicable way of providing for contracts. Original Compton, copies Parrot, Dodge, Pot, Steele,

Winburn, H. M. Emerson, Cost, Cutler, H. F. Smith, Washburn, Bowes, Niel.

T. C. POWELL.

11.39 a. m.

4892. FEB. 24, 1903.

Mr. LEE MCCLUNG,
A. F. T. M., Louisville, Ky.

DEAR SIR: Rates on lumber from Mobile, Ala., to Ohio River crossings and beyond.

Your file 11683–B. Referring to yours of the 19th, would advise that we had in mind an entirely different communication from your office.

My letter of the 12th was intended to acknowledge receipt of your letter of the 10th inst., signed by Mr. McClung personally on your file 4406–A. I find, however, our stenographer in answering the communication referred to your communication of the same date on your file 11683–B.

I trust this will set the matter straight.

Yours, truly,

R–w. *Chairman.*

[General letter No. 1543.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
File No. 4892. *Louisville, Ky., February 24, 1903.*

To members:

Advance in rates on hard-wood lumber, C. L., from Mobile to Ohio River crossings, St. Louis, and points taking same rates, etc.

Please refer to general letter No. 1520 and be advised under date of February 10th, the assistant freight traffic manager of the Southern Railway made the following announcement, his file 11683–B:

"Please be advised of the intention of the Southern Railway to advance its rate on hard-wood lumber, C. L., from Mobile, Ala., to Ohio River crossings, St. Louis, and group and C. F. A. territory 2 cents per 100 lbs., effective March 1st.

"Please notify those interested and oblige."

Through oversight the foregoing was communicated to members in carbon letter, dated February 12th, instead of in general letter series.

Issued to perfect the record.

M. P. WASHBURN, *Chairman.*

R–w.

[The Southeastern Freight Association, office of the chairman, S. F. Parrott, chairman.]

ATLANTA, GA., *February 25th, 1903.*
File No. 34974.

Rates on lumber, carloads, to the west.

To the members of the conference committee of the Southeastern Freight Association.

GENTLEMEN: Referring to the consideration and discussion of this subject at the Piedmont Hotel by interested lines on February

24th and 25th, 1903, I beg to advise that I have to-day sent the following telegram:

"ATLANTA, GA., *February 25th, 1903.*

"G. W. CALE, *St. Louis, Mo.*
"M. P. WASHBURN, *Piedmont Hotel, Atlanta, Ga.*
"W. C. STUTH, *St. Louis, Mo.*
"H. C. FARRELL, *St. Louis, Mo.*
"A. S. DODGE, *St. Louis, Mo.*

"Originating lumber lines in southeast, in session here to-day, have ascertained they can not make the advanced rates on pine lumber to river crossings, St. Louis and East St. Louis to Cincinnati, inclusive, and points beyond, effective March first. Will advise you to-morrow or next day what date the two cents advance will be made effective. Please extend notice to your members. Original Cale, copy Washburn, Stith, Farrell, Dodge." Signature.

Yours, truly,

M. S. F. PARROTT, *Chairman.*

Copy, as information, to: Mr. R. A. Brand, G. F. A., A. C. L. R. R.; Mr. L. E. Chalenor, A. G. F. A., S. A. L. Ry.; Mr. J. R. Lane, G. M., M. & B. Ry.; Mr. R. A. Chadwick, C. A., A. G. S. R. R.; Mr. W. E. Estes, G. F. A., C. of Ga. Ry.; Mr. W. H. McGuffey, C. C., C., N. O. & T. P. Ry.; Mr. E. K. Voorhees, A. G. F. A., K. C., M. & B. R. R.; Mr. J. M. Denyven, A. G. F. A., M. & O. R. R.; Mr. E. T. Eckles, C. C., N. C. & St. L. Ry.; Mr. D. W. Longstreet, A. G. F. A., I. C. R. R.; Mr. C. D. Boyd, A. G. F. A., L. & N. R. R.; Mr. M. P. Washburn, chairman, S. E. M. V. A., Piedmont Hotel, Atlanta, Ga.

[General letter No. 1548.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,

File No. 4892.

Louisville, Ky., Feb. 25th, 1903.

To members:

Proposed advanced rates on pine lumber, laths, and shingles from producing points in Texas and Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Mississippi and Ohio River crossings between St. Louis and Cincinnati, including those points; also Memphis, Nashville, West Nashville, and to interior junction points in Kentucky and Tennessee, and to intermediate river crossings between Memphis and Cairo.

Please refer to general letters Nos. 1490, 1499, 1500, 1502, 1514, 1516, 1517, 1518, 1519, 1520, 1527, 1528, 1530, 1536, and 1539 (corrected), and be advised, as information, that we are in receipt of the following copy of telegram sent by the assistant freight traffic manager of the Illinois Central Railroad to the freight traffic manager of the Southern Railway, Washington, D. C.:

"Your telegram this date. You understand, of course, that this company did not raise the question of protecting contracts after March first. On the contrary, as stated to Compton in reply to his telegram, we are prevented by injunction from doing so and can not legally do so. Am waiting to hear from him definitely as to what his company is going to do before I can decide what we will do. In my opinion, it is very unfortunate that L. & N. should embarrass this

proposed advance at this late hour. Copies to Parrott, Washburn, Dodge, Steele, Poe, Winburn, Emerson, Cost, Cutler, and H. F. Smith." (Signature.)

This is submitted as information. The chairman has made no changes in his record regarding the effective date of the advanced rates.

M. P. WASHBURN, *Chairman.*

—b.

[Queen & Crescent Route, Cincinnati, New Orleans & Texas Pacific Railway Company, lessee Cincinnati Southern Railway. G. P. Biles, general freight agent. Freight department.]

At ATLANTA, GA., *Febry. 25, 1903.*

Refer to file Rate–58–C.

Lumber—general subject.

Mr. M. P. WASHBURN,
Chairman,
Louisville, Ky.

DEAR SIR: In connection with your general letters 1527 and 1530, the rates to central Kentucky junctions in which the C., N. O. & T. P. is interested, such as Lexington, Paris, Georgetown, Frankfort, Midway, Versailles, etc., are on basis of Cincinnati rates and as we understand it will change automatically with Cincinnati.

Yours, truly,

G. P. BILES, *G. F. A.*

[Queen & Crescent Route. Cincinnati, New Orleans & Texas Pacific Railway Company. (Lessee Cincinnati Southern Railway.) G. P. Biles, general freight agent. Freight department.]

ATLANTA, GA., *Febry. 26, 1903.*

Refer to file rate 58–C.

Lumber rates.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: In reply to your general letter 1517.

It is the understanding of this company that the rates to Memphis and Nashville on yellow pine lumber will be advanced 2¢. per 100 lbs. simultaneously with the advance to the Ohio River.

Yours, truly,

G. P. BILES, *G. F. A.*
W. H. M.
W. F.

ATLANTA, GA., *February 27th, 1903.*

Your wire yesterday. At conference here on twenty-fourth and twenty-fifth it was deemed impracticable to make advance in lumber rates effective March first because of position of one line regarding contracts. Recommendations were made as to making advance effective April first and April fifteenth, it being understood that contracts would not be protected after the advance on either date. Since adjournment of meeting two important lumber lines have announced that they would make proposed advance of two cents hundred pounds effective April fifteenth. These announcements are known

to the Georgia Sawmill Association, which will probably make it impracticable to advance the lumber rates before April fifteenth. Original: Dodge; copy: Cale, Washburn, Farrell, Stith, Haile.

S. F. PARROTT.

M. D. H. 739. 12.00 M.

(Copy.)

ALABAMA GREAT SOUTHERN RAILROAD CO.,
Birmingham, Ala., Feb. 27th, 1903.

Rate adjustment: Lumber, southeastern points to Ohio and Mississippi River crossings and beyond.

Mr. S. F. PARROTT,
Chairman, Atlanta, Ga.

DEAR SIR: Please be advised that the Alabama Great Southern Ry. Co. has telegraphed the Interstate Commerce Commission to-day withdrawing advanced rates on yellow pine lumber to Ohio and Mississippi River crossings and beyond, effective March 1st, and that it will not be our purpose to make these advanced rates effective before April 15th.

Yours, truly,

L. SEVIER,
General Freight Agent.

Copy: E. A. Niel, M. P. Washburn, W. E. Estes, A. G. Jackson, J. M. Cutler, C. R. Capps, R. A. Brand, Jas. Menzies, D. M. Goodwyn, G. R. Knox, G. P. Biles, F. B. Boews, T. F. Steele, H. Miller, T. S. Davant, E. K. Voorhees, Lee McClung, T. C. Powell.

[The Southeastern Freight Association, office of the chairman. S. F. Parrott, Chairman.]

ATLANTA, GA., *February 27th, 1903.*

File No. 34974.

Rates on lumber, carloads, to the west.

To the members of the Conference Committee of the Southeastern Freight Association.

GENTLEMEN: Under date of February 25th, in a mimeograph letter, we quoted you a communication from Mr. E. A. Niel, G. F. A. Southern Railway, dated February 25th, advising that it would not be the purpose of the Southern Railway to make the advanced rates on lumber effective before April 15th.

On February 26th Mr. J. M. Cutler, G. F. A., telegraphed us as follows:

"Referring to my declaration dated Feby. thirteenth, covering advance in lumber rates two cents per hundred pounds, and amend same, making date effective April fifteenth."

We received a telegram yesterday afternoon, dated St. Louis, Mo., February 26th, signed A. S. Dodge, H. E. Farrell, W. C. Stith, and C. Haile, reading as follows:

"Referring to Vice-President Dikinson's suggestion to executive officers that horizontal advance in yellow pine rates be made effective April first, we are agreeable to this suggestion, believing it will

place all lines in position to deny protection of lumber contracts after April first, and will act accordingly, unless we hear from your meeting through you that this plan will not be carried out."

We have replied to this telegram as follows:

"Your wire yesterday. At conference here on twenty-fourth and twenty-fifth it was deemed impracticable to make advance in lumber rates effective March first because of position of one line regarding contracts. Recommendations were made as to making advance effective April first and April fifteenth, it being understood that contracts would not be protected after the advance on either date. Since adjournment of meeting two important lumber lines have announced that they would make proposed advance of two cents hundred pounds effective April fifteenth. These announcements are known to the Georgia Sawmill Association, which will probably make it impracticable to advance the lumber rates before April fifteenth."

Yours, truly,

S. F. PARROTT, *Chairman.*

Copy, as information, to Mr. G. W. Cale, chairman, St. Louis, Mo.; Mr. M. P. Washburn, chairman, Louisville, Ky.; Mr. W. C. Stith, F. T. M., St. Louis, Mo.; Mr. H. E. Farrell, F. T. M., St. Louis, Mo.; Mr. A. S. Dodge, F. T. M., St. Louis, Mo.; Mr. C. Haile, T. M., St. Louis, Mo.

Mr. WASHBURN:

NOTE.—Think this date will suit everybody, as it is one day ahead of the meeting called at Memphis to consider rates on sugar. I presume this notice was sent us as a matter of courtesy. Do you think we should be represented?

W. R. R. 3/2.

[The Southeastern Freight Association, office of the chairman. S. F. Parrott, Chairman.]

ATLANTA, GA., *March 3rd, 1903.*

File No. 34974.

Rates on lumber, carloads, to the west.

To the members of the Conference Committee of the Southeastern Freight Association.

GENTLEMEN: Referring to previous mimeograph communications to you on this subject, especially to mimeograph circular letter of February 27th, we beg to advise that declarations regarding the advance of two cents per hundred pounds on lumber have been received from lines named, as follows: Southern Railway, effective April 15th; Georgia Railroad, effective April 15th; Alabama Great Southern Railroad, effective April 15th; Georgia Southern & Florida Ry., effective April 15th.

Other originating lumber lines not heard from, except that Mr. E. S. Spencer, traffic manager of the Jacksonville & Southwestern Railroad, writes the undersigned, under date of February 27th, as follows:

"Our attention is called to the fact that the lumber industries throughout Louisiana, Mississippi, and Arkansas are enjoying rates

to Ohio River points and points thereby on lumber of 1c. per cwt. lower than applicable from Jacksonville and points taking same rates. Will you not kindly take this matter under consideration in the revision of rates now pending before your association."

The chairman is not sure as to just what action Mr. Spencer desires, and will correspond with him further regarding the matter.

Yours, truly,

S. F. PARROTT, *Chairman.*

M.

Copy, as information, to Mr. G. W. Cale, chairman, St. Louis, Mo.; Mr. M. P. Washburn, chairman, Louisville, Ky.; Mr. W. C. Stith, F. T. M., St. Louis, Mo.; Mr. H. E. Farrell, F. T. M., St. Louis, Mo.; Mr. A. S. Dodge, F. T. M., St. Louis, Mo.; Mr. C. Haile, T. M., St. Louis, Mo.

12443—L.

Proceedings Thirty-seventh Meeting of the S. E. M. V. Association and Third Joint Convention of the S. E. M. V. and the S. E. F. Associations, Atlanta, Ga., March 10–13, 1903.

Subject 6139. Rates on yellow pine lumber from the south to Ohio and Mississippi River crossings and beyond. (File 4892.)

This subject was listed by unanimous consent for discussion in joint session with the Southeastern Freight Association (third joint convention, subject 393) and was referred to S. E. M. V. A.–S. E. F. A. Joint Committee No. 5.

The following recommendation was submitted:

"Recommended that, effective April 15, 1903, an advance of 2 cents per 100 lbs. be made in the rates on yellow pine lumber, carloads, from all producing points in Mississippi, Louisiana, and the southeast, to St. Louis, East St. Louis, and all Mississippi River crossings between Memphis and St. Louis and all Ohio River crossings Cairo to Cincinnati, both inclusive.

"Recommended further that the rates on pine lumber to all points north of the Ohio River and east of the Mississippi River and west of the western termini of the trunk lines shall be made on lowest combination.

"Recommended further that a corresponding advance of 2 cents per 100 lbs. be made to Nashville, Tenn., Memphis, Tenn., and to west Tennessee and Kentucky junction points, provided not in excess of the continuous local scale of any line.

"Recommended further that an advance of 2 cents per 100 lbs. be made to Chattanooga, Tenn., provided it does not exceed the continuous local scale of any line.

"It is stated as a matter of information that it is understood a corresponding advance of 2 cents per 100 lbs. from points in Louisiana and Arkansas is to be made, effective on April 1st.

"It is also stated for record that at a conference of the Southwestern Tariff Committee, held in St. Louis, Mo., January 30th, the following was unanimously adopted:

"'Recommended that contingent upon a like advance from Arkansas and Louisiana same advances in lumber rates be made from Texas

points to Mississippi River crossings, Cairo and north; also Ohio River crossings that are made from the yellow pine districts in the southeast; it being understood, however, that the right is reserved to make rates from Texas points to Mississippi River crossings, Cairo and north, no higher than the rates from the southeastern lumber-producing territory.'"

After discussion the following additional recommendation was submitted:

"Recommended that an advance of 2 cents per 100 lbs., effective April 15, 1903, be made in the rates on yellow pine lumber, carloads, from points in Mississippi, Alabama, and the southeast to the Buffalo-Pittsburgh zone, and that such advances as are necessary be made in the basing rates in order to accomplish this result."

The recommendations were discussed and no further action was taken in regard thereto.

For previous record covering advance in rates on yellow pine lumber from producing points in the south, southeast, and southwest see Appendix B, page 3396, of these proceedings.

[Chesapeake and Ohio Railway Company, Freight Traffic Department. E. D. Hotchkiss, general freight agent.]

RICHMOND, VA., *March 4th, 1903.*

File 91.
Mr. W. R. WASHBURN,
Chairman Eastern Miss. Valley Asso.,
Louisville, Ky.

DEAR SIR: We understand the present rate on lumber and forest products generally from the lumber districts of Tennessee and Mississippi to Huntington, W. Va., is 23 cents per hundred pounds.

Will you please advise if any advance in this figure is contemplated. We should be glad to hear from you at your earliest convenience.

Yours, truly,

27-137. E. D. HOTCHKISS, *G. F. A.*

[Louisville & Nashville Railroad Company, office of the general freight agent. D. M. Goodwyn, genl. freight agent, C. R. Breut, asst. genl. freight agent, C. D. Boyd, asst. genl. freight agent.]

LOUISVILLE, KY., *March 4th, 1903.*

Important. In your reply refer to FOX—175099.

Mr. M. P. WASHBURN,
Chairman S. E. M. V. Assn., City.

DEAR SIR: Advance in rates on yellow pine lumber.

I have just sent the following message to officials of all lines interested in yellow pine lumber rates:

"Recalling conference at Piedmont Hotel in Atlanta last week respecting advance in rates on yellow pine lumber. Investigation of conditions of our line, and of uncompleted contracts of lumber for which we have been unable to furnish cars, has been completed sufficiently for me to say that the Louisville & Nashville R. R. is prepared to make the advance of two cents per hundred pounds effective April first without qualification if that date is satisfactory to all concerned. I suggest the advance on April first, or at latest April fifteenth. Please answer."

Yours, truly, D. M. GOODWYN, *G. F. A.*

[General letter No. 1556.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., March 4th, 1903.

File No. 4892.
To members:

Proposed advance in the rates on yellow pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the southeast to all Mississippi and Ohio River crossings between Memphis, St. Louis, and Cincinnati, including those points, also Nashville, West Nashville, and interior junction points in Kentucky and Tennessee.

Supplementing advices given in general letters Nos. 1490, 1499, 1500, 1502, 1514, 1516, 1517, 1518, 1519, 1520, 1527, 1528, 1530, 1536, 1539 corrected, 1542, and 1548, be advised of receipt of the following additional communications which have been received since the last notice from this office.

From Chairman Parrott (wire dated Feb. 25th):

"Originating lumber lines in southeast in session here to-day have ascertained they can not make the advanced rates on pine lumber to river crossings, St. Louis and East St. Louis to Cincinnati inclusive, and points beyond effective March 1st. Will advise you to-morrow or next day what date the two cents advance will be made effective. Please extend notice to your members. Original Cale, copy Washburn, Stith, Farrell, Dodge." Signature.

From the general freight agent of the C., N. O. & T. P. Ry. (letter dated February 25th, file rate 58–C):

"In connection with your general letters Nos 1527 and 1530.

"The rates to central Kentucky junctions in which the C., N. O. & T. P. is interested, such as Lexington, Paris, Georgetown, Frankfort, Midway, Versailles, etc., are on basis of Cincinnati rates and as we understand it will change automatically with Cincinnati."

From the general freight agent of the C., N. O. & T. P. Ry. (letter dated February 26th):

"In reply to your general letter No. 1517.

"It is the understanding of this company that the rates to Memphis and Nashville on yellow pine lumber will be advanced 2 cents per 100 lbs. simultaneously with the advance to the Ohio River."

From the general freight agent of the Alabama Great Southern Railroad (letter dated Feb. 27th):

"Please be advised that the Alabama Great Southern Railway Company has telegraphed the Interstate Commerce Commission to-day withdrawing advanced rates on yellow pine lumber to Ohio and Mississippi River crossings and beyond, effective March 1st, and that it will not be our purpose to make these advanced rates effective before April 15th."

From Chairman Parrott (letter dated Feb. 27th):

"Under date of Feb. 25th, in a mimeograph letter, we quoted you a communication from Mr. E. A. Niel, G. F. A. Southern Railway, dated Feb. 25th, advising that it would not be the purpose of the Southern Railway to make the advanced rates on lumber effective before April 15th.

"On Feb. 26th Mr. J. M. Cutler, G. F. A., telegraphed us as follows:

"'Referring to my declaration dated Feb. 13th, covering advance in lumber rates two cents per hundred pounds and amend same, making date effective April fifteenth.'

"We received a telegram yesterday afternoon dated St. Louis, Mo., Feb. 26th, signed A. S. Dodge, H. E. Farrell, W. C. Stith, and C. Haile, reading as follows:

"'Referring to Vice-President Dickinson's suggestion to executive officers that horizontal advance in yellow-pine rates be made effective April first, we are agreeable to this suggestion, believing it will place all lines in position to deny protection of lumber contracts after April first, and will act accordingly unless we hear from your meeting through you that this plan will not be carried out.'

"We have replied to this telegram as follows:

"'Your wire yesterday. At conference here on twenty-fourth and twenty-fifth it was deemed impracticable to make advance in lumber rates effective March 1st because of position of one line regarding contracts. Recommendations were made as to making advance effective April first and April fifteenth, it being understood that contracts would not be protected after the advance on either date. Since adjournment of meeting two important lumber lines have announced that they would make proposed advance of two cents hundred pounds effective April fifteenth. These announcements are known to the Georgia Sawmill Association, which will probably make it impracticable to advance the lumber rates before April fifteenth.'"

We have just received the following, dated March 4th, from the general freight agent of the Louisville & Nashville Railroad, his file Fox-175099:

"I have just sent the following message to officials of all lines interested in yellow-pine lumber rates:

"'Recalling conference at Piedmont Hotel in Atlanta last week respecting advance in rates on yellow-pine lumber. Investigations of conditions of our line and of uncompleted contracts of lumber for which we have been unable to furnish cars has been completed sufficiently for me to say that the Louisville & Nashville Railroad is prepared to make the advance of two cents per hundred pounds effective April first without qualification if that date is satisfactory to all concerned.

"'I suggest the advance on April first or at latest April fifteenth. Please answer.'"

Members are respectfully requested to wire the chairman at once if they will advance their rates in accordance with Mr. Goodwyn's suggestion, effective April 1st, 1903, from points on their respective lines to Ohio and Mississippi River crossings between Memphis, St. Louis, and Cincinnati, including those points, Nashville, West Nashville, and interior junction points in Kentucky and Tennessee.

M. P. WASHBURN, *Chairman.*

R-w.

[Louisville and Nashville Railroad Company, office of the general freight agent. D. M. Goodwyn, genl. freight agent; C. R. Brent, asst. genl. freight agent; C. D. Boyd, asst. genl. freight agent.]

LOUISVILLE, KY., *March 4th, 1903.*

Important. In your reply refer to Fox—175099.

Mr. C. C. CAMERON,
General Freight Agent I. C. R. R., City.

DEAR SIR: Advance in rates on yellow-pine lumber.

I have just sent the following telegram:

"Recalling conference at Piedmont Hotel in Atlanta last week respecting advance in rates on yellow pine lumber. Investigation of conditions of our line, and of uncompleted contracts of lumber for which we have been unable to furnish cars, has been completed sufficiently for me to say that the Louisville and Nashville R.R is prepared to make the advance of two cents per hundred pounds effective April first without qualification if that date is satisfactory to all concerned. I suggest the advance on April first or at latest April fifteenth. Please answer."

Same was addressed to Messers Niel, Estes, Menzies, Capps, Cutler, Miller, Sevier, Knox, Biles, Steele, and Vorhees.

Will you please advise me soon as possible whether the Illinois Central is willing to make the advance effective April 1st.

Yours, truly,

D. M. GOODWYN, *G. F. A.*

4892.

MARCH 5, 1903.

Mr. G. W. CALE,
Chairman, St. Louis, Mo.

DEAR SIR: Proposed advance on yellow pine lumber, laths, and shingles, from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Mississippi and Ohio River crossings between Memphis, St. Louis and Cincinnati, including those points, also Nashville, West Nashville, and interior junction points in Kentucky and Tennessee.

Your file 8100. I herewith enclose a copy of our general letter No. 1556, which shows the situation with respect to this subject to date.

Will you please present the matter to your members at once and advise at the earliest practicable moment if all interests west of the Mississippi River will advance their rates two cents per 100 lbs., effective April 1st, 1903, to Ohio and Mississippi River crossings, between Memphis, St. Louis, and Cincinnati, including those points, Nashville, West Nashville, and Interior Kentucky and Tennessee junctions.

Please advise.

Yours, truly,

R–w. *Chairman.*

[Telegram.]

ST. LOUIS, MO., *Mch. 6th, 1903.*

M. P. WASHBURN, *Louisville, Ky.:*

File A. Your file 4892 general letter 1556 March 4th. Advance in yellow-pine lumber rates. April fifteenth will suit us if all lines

in S. E. M. V. and S. E. F. assns. interested declare their intention to make same advance same date. Advise result.

240 P. HAIDEN MILLER.

(Copy.)

MARCH 6, 1903.

Rates on yellow pine lumber, laths and shingles from Attalla, Gadsden, and Alabama City, Ala., to Ohio and Mississippi River crossings, etc.

The Nashville, Chattanooga & St. Louis Rwy., for itself and its connections, declares its purpose to revise its tariff, effective on April 15th, 1903, on yellow pine lumber, laths, and shingles, from Attalla, Gadsden and Alabama City, Ala., to Nashville, Ohio River crossings, Memphis and Mississippi River crossings north thereof; also to West Tennessee and Kentucky junction points, advancing the present rates two (2) cents per hundred pounds.

GEO. R. KNOX,
General Freight Agent.

MARCH 6, 1903.

HAIDEN MILLER, *St. Louis, Mo.:*

Your wire to-day, file A: Are you not willing to advance your rates on lumber effective April first, in accordance with Mr. Goodwyn's suggestion as contained in our general letter fifteen fifty-six.

H. R. 1927. M. P. WASHBURN.

(Copy.)

SOUTHERN RAILWAY COMPANY,
Atlanta, Ga., March 6, 1903.

Mr. S. F. PARROTT,
Chairman, Atlanta, Ga.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Rate adjustment: Lumber, southeastern territory to Ohio and Mississippi River crossings and beyond.

Referring to recent conferences at the Piedmont Hotel, Atlanta, Ga., respecting advanced rates on pine lumber to Ohio and Mississippi River crossings and points basing thereon, and to the announcement of the Southern Railway that said advances would not become effective before April 15th, I wish to advise that we are now in receipt of message from the general freight agent of the Louisville & Nashville Railroad, announcing the willingness of that line to make the advanced rates effective without qualification on April 1st or at latest April 15th, and it will therefore be the purpose of the Southern Railway to make the advanced rates effective on the latter date. Will you kindly extend this notice to members and to representatives of western lines?

Yours, truly,

E. A. NIEL,
General Freight Agent.

Cy. to Messrs. D. M. Goodwyn, C. C. Cameron, H. Miller, L. Sevier, A. G. Jackson, J. Menzies, R. A. Brand, T. C. Powell, G. R. Knox, G. P. Biles, E. K. Voorhees, W. E. Estes, J. M. Cutler, C. R. Capps, T. F. Steele, Lee McClung.

(Copy.)

[Telegram.]

NASHVILLE, TENN., 6.

M. P. WASHBURN, *Louisville, Ky.:*

Your general letter fifteen fifty-six, conditioned upon corresponding advance in the rates on pine lumber laths and shingles from producing points in Miss. Valley, Arkansas, and Texas territories to Nashville, Memphis, and interior junctions in Kentucky and Tenn., we will advance rates from Ga. territory on our line to Nashville, Memphis, Ohio, and Miss. crossings, western Tenn. and interior junction points two cts. per hundred pounds, effective April fifteenth, nineteen naught three, file E.

G. R. KNOX.

10.36 p. m.

ILLINOIS OF CENTRAL RAILROAD COMPANY,
OFFICE GENERAL FREIGHT AGENT,
Louisville, March 6th, 1903.

In replying please refer to File 12443.

Advance in Pine Lumber Rates.

Mr. M. P. WASHBURN,
Chairman, S. E. M. V. Association,
Louisville, Ky.

DEAR SIR: Referring to your general letter No. 1556, file 4892, March 4th, 1903:

I think it is useless to inquire whether the individual members are willing to announce that they will advance their rates effective on April 1st, 1903, considering the notice which you have from the Southern Railway to the effect that they will not advance their rates before April 15th, and which latter date seems to be generally understood by the lumbermen.

Understanding that the Louisville and Nashville Railroad are willing to announce April 15th as their effective date, and without qualification, and if other interested roads both east and west of the Mississippi River are willing to make their advance effective on April 15th, we are willing so far as our road is concerned to make our new rates effective on April 15th to Ohio and Mississippi River crossings and points basing thereon.

In this connection I suggest you take the matter up by telegraph with Chairmen Parrott and Cale to ascertain whether interested members of their associations will now announce that their new rates will become effective on April 15th, not only to Ohio and Mississippi River crossings and points basing thereon, but to Western Trunk Line Committee territory, and in accordance with discussion at meeting in St. Louis, Feb. 17–20, 1903; also the question of when advanced rates to Memphis, Nashville, Western Tennessee junctions and Central Kentucky junctions will be made effective should be settled without delay.

You will, of course, appreciate, the importance of handling the matter promptly and specially.

Yours, truly,

C. C. CAMERON,
General Freight Agent.

I. C.

12443 MARCH 6th, 1903.

Advance in pine lumber rates.

Mr. W. B. GROSECLOSE,
General Freight Agent M. K. & T. Ry.,
St. Louis, Mo.

DEAR SIR: Referring to your favor of March 5th:

It may be that the postponement to April 15th, 1903, is both inadvisable and unnecessary, but that is not now the question. The Louisville & Nashville Railroad, after announcing March 1st as the effective date for the advanced rates, then stated that they would protect the former or lower rates on all shipments for which they had been unable to supply cars. This left the matter in indefinite shape, and as result of which there were several meetings, and the Southern Railway finally announced that in order to let their shippers know just where they stood, they would not make any advance before April 15th. It is now, therefore, a question as to whether all roads interested will be willing to make the advance on April 15th.

Kindly let me hear from you definitely at your earliest convenience.

Yours, truly,

General Freight Agent.

I. C.

12443. MARCH 6th, 1903.

Advance in pine lumber rates.

Mr. HAIDEN MILLER,
General Freight Agent M. & O. R. R.,
St. Louis, Mo.

DEAR SIR: Referring to your letter of March 3rd, addressed to General Freight Agent Goodwyn, copy of which you sent to me, among others.

The Louisville & Nashville Railroad has now announced that it is willing to advance its pine lumber rates to Ohio and Mississippi River crossings and points beyond, effective on April 1st or April 15th, without qualification. However, since the question of postponement from March 1st came up, the Southern Railway has announced that it will not advance its rates before April 15th; therefore it becomes a question as to whether all interested roads, both east and west of the Mississippi River, are prepared to file announcements to the effect that they will advance these rates effective on April 15th.

So far as our road is concerned, we are willing to do so, provided other roads take similar action.

Yours, truly,

General Freight Agent.

I. C.

[Telegram.]

DALLAS, TEXAS, *March 6, 1903.*

C. C. CAMERON, *Louisville, Ky.*

Yours fifth. If advised by you in sufficient time to enable us to amend our tariffs, that all lines have agreed to make the advance on pine lumber, effective April fifteenth, this company will take like action.

E. L. SARGENT.

6.12 p.

(Copy.)

MARCH 7th, 1903.

Rates on yellow pine lumber, laths, and shingles, from Attalla, Gadsden, and Alabama City, Ala., to Ohio River crossings, Belmont group and St. Louis group.

The Nashville, Chattanooga & St. Louis Rwy., for itself and its connections, declares its purpose to revise its tariff, effective on April 15th, 1903, on yellow pine lumber, laths, and shingles, from Attalla, Gadsden, and Alabama City, Ala., to Ohio River crossings, Belmont group and St. Louis group, advancing the present rates two (2) cents per hundred pounds.

GEO. R. KNOX,
General Freight Agent.
G. T. G.

(Copy.)

[Telegram.]

ST. LOUIS, Mo., 7.

M. P. WASHBURN, *Louisville:*

File A. Yours 6th, we will not be in position to make proposed advance in lumber rates effective before April fifteenth. This is also the position of the Southern Railway & other lines.

HAIDEN MILLER.

4892. MARCH 7th, 1903.

Mr. S. F. PARROTT,
Chairman, Atlanta, Ga.

DEAR SIR: Proposed advance in the rates on yellow pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Mississippi and Ohio river crossings between Memphis, St. Louis, and Cincinnati, including those points, also Nashville, West Nashville, and interior junction points in Kentucky and Tennessee.

Your file No. 34974. As information, I attach hereto copy of our general letter No. 1560, and in accordance with the last-named communication quoted therein, I would respectfully ask that you advise me at the earliest practicable moment if all lines in your territory will advance their rates, effective April 15th, 1903?

Yours, truly,

Chairman.

Rb.

4892. MARCH 7th, 1903.

Mr. G. W. CALE,
Chairman, St. Louis, Mo.

DEAR SIR: Proposed advance in the rates on yellow pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Mississippi & Ohio river crossings between Memphis, St. Louis, and Cincinnati, including those points, also Nashville, West Nashville, and interior junction points in Kentucky and Tennessee.

I herewith attach copy of our general letter No. 1560, supplementing information given in general letter 1556, which was sent you with our respects of the 5th inst., which shows that an effort is now being made to make from all points advanced rates effective April 15th, 1903.

Will you please canvass the matter with your members and advise definitely by wire, as early as practicable, if all your lines will agree to observe this effective date?

Yours, truly,

Chairman.

[Nashville, Chattanooga & St. Louis Railway. Geo. R. Knox, genl. freight agent. Charles Barham, asst. genl. freight agent.]

NASHVILLE, TENN., *March 7th, 1903.*

4892.
In replying please refer to 4169–S.

Rate adjustment: Rates on yellow-pine lumber, laths, and shingles, Attalla, Gadsden, and Alabama City, Ala., to Ohio River crossings, Belmont and St. Louis groups.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Confirming my wire of even date.

I beg to hand you herewith this company's declaration, which please substitute for the declaration sent you with my letter 6th instant.

Yours, truly,

GEO. R. KNOX,
General Freight Agent.
G. T. E.

[General letter No. 1560.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., March 7, 1903.

File No. 4892.
To members:

Proposed advance in the rates on yellow-pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the southeast, to all Ohio and Mississippi River crossings between Memphis, St. Louis, and Cincinnati, including those points, also Nashville, West Nashville, and interior junction points in Kentucky and Tennessee.

Supplement in advice given in general letters Nos. 1490, 1499, 1500, 1502, 1514, 1516, 1517, 1518, 1519, 1520, 1527, 1528, 1530, 1536, 1539 (corrected), 1542, 1548, and 1556, and be advised of receipt of the following communications, which have been received since the last notice from this office:

From the general freight agent of the Mobile & Ohio R. R.:

"Your file 4892, general letter 1556, March 4th. Advance in yellow-pine lumber rates April 15 will suit us if all lines in S. E. M. V.-S. E. F. associations interested declare their intention to make same advance same date. Advise result."

In a later wire Mr. Miller advises he will not be in position to make proposed advance in lumber rates effective before April 15th, and he further states that this is also the position of the Southern Railway and other lines.

From the general freight agent of the N. C. & St. L. Railway:

"Your general letter fifteen fifty-six, conditioned upon corresponding advance in the rates on pine lumber, laths, and shingles from producing points in Miss. Valley, Arkansas and Texas territories to Nashville, Memphis, and interior junctions in Kentucky and Tenn. We will advance rates from Ga. territory on our line to Nashville, Memphis, Ohio, and Miss. crossings, western Tenn., and interior junction points two cts. per hundred pounds effective April 15th, 1903. File E. (Signature.)"

We have also received the following declaration from the general freight agent of the N. C. & St. L.:

"The Nashville, Chattanooga & St. Louis Rwy., for itself and its connections, declares its purpose to revise its tariff, effective on April 15th, 1903, on yellow-pine lumber, laths, and shingles, from Attalla, Gadsden, and Alabama City, Ala., to Nashville, Ohio River crossings, Memphis, and Mississippi River crossings north thereof; also to west Tennessee and Kentucky junction points, advancing the present rates two (2) cents per hundred pounds."

We have also received copy of Chairman Parrott's mimeograph notice, dated March 3rd, 1903, reading as follows:

"Referring to previous mimeograph communications to you on this subject, especially to mimeograph circular letter of February 27th, we beg to advise that declarations regarding the advance of two cents per hundred pounds on lumber, have been received from lines named, as follows:

Southern Railway	Effective April 15th.
Georgia Railroad	" " "
Alabama Great Southern Railroad	" " "
Georgia Southern & Florida Ry	" " "

"Other originating lumber lines not heard from, except that Mr. E. S. Spencer, traffic mgr. of the Jacksonville & Southwestern Railroad, writes the undersigned, under date of February 27th, as follows:

"Our attention is called to the fact that the lumber industries throughout Louisiana, Mississippi, and Arkansas are enjoying rates to Ohio River points and points thereby on lumber of 1 cent per cwt. lower than applicable from Jacksonville and points taking same rates. Will you not kindly take this matter under consideration in the revision of rates now pending before your association?"

"The chairman is not sure as to just what action Mr. Spencer desires, and will correspond with him further regarding the matter."

Attention is here called to communication received to-day from the general freight agent of the Illinois Central R. R., reading as follows:

"Referring to your general letter No. 1556, file 4892, March 4th, 1903.

"I think it is useless to inquire whether the individual members are willing to announce that they will advance their rates effective on April 1st, 1903, considering the notice which you have from the Southern Railway to the effect that they will not advance their rates before April 15th, and which latter date seems to be generally understood by the lumbermen.

"Understanding that the Louisville & Nashville Railroad are willing to announce April 15th as their effective date, and without qualification, and if other interested roads both east and west of the Mississippi River are willing to make their advance effective on April 15th, we are willing so far as our road is concerned to make our new rates effective on April 15th to Ohio and Mississippi River crossings and points basing thereon.

"In this connection, I suggest you take the matter up by telegraph with Chairmen Parrott and Cale to ascertain whether interested members of their associations will now announce that their new rates will become effective on April 15th, not only to Ohio and Mississippi River crossings and points basing thereon, but to western trunk line committee territory, and in accordance with discussion at meeting in St. Louis, Feb. 17–20, 1903; also the question of when advanced rates to Memphis, Nashville, western Tennessee junctions and central Kentucky junctions will be made effective should be settled without delay.

"You will, of course, appreciate the importance of handling the matter promptly and specially."

Agreeable to request contained in last named communication the chairman will communicate with the chairman of the Southeastern Freight Assn. and southwestern tariff committee, relative to publishing advance rates from all points named, effective April 15th, 1903.

S. E. M. V. Assn. lines desiring to establish advanced rates, effective April 15th, from points on their respective lines to and from territory described in the caption of this letter are respectfully requested to file their written individual declarations with the undersigned.

M. P. WASHBURN, *Chairman.*

Rb.

[Telegram.]

NASHVILLE, TENN., *8.*

M. P. WASHBURN, *L'ville.*

See my letter, sixth, transmitting declaration respecting advance in yellow-pine lumber, Attalla, Gadsden, and Alabama City to river crossings. Pls. defer action thereon. Substitute by mail to-day, file S.

G. R. KNOX.

[General letter No. 1561.]

File No. 4892.

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., March 9th, 1903.

To Members:

Proposed advance in the rates on yellow-pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Mississippi and Ohio River crossings between Memphis, St. Louis, and Cincinnati, including those points, also Nashville, West Nashville, and interior junction points in Kentucky and Tennessee.

Supplementing advices given in general letters Nos. 1490, 1499, 1500, 1502, 1514, 1516, 1517, 1518, 1519, 1520, 1527, 1528, 1530, 1536, 1539, corrected, 1542, 1548, and 1556, be advised of receipt of the following additional communications, which have been received since the last notice from this office.

From the general freight agent of the N., C. & St. L. Ry.:

"The Nashville, Chattanooga & St. Louis Railway, for itself and its connections, declares its purpose to revise its tariff, effective on April 15th, 1903, on yellow-pine lumber, laths, and shingles from Attalla, Gadsden, and Alabama City, Ala., to Ohio River crossings, Belmont group, and St. Louis group, advancing the present rates two (2) cents per hundred pounds."

From the general freight agent of the Southern Railway:

"Referring to recent conference at the Piedmont Hotel, Atlanta, Ga., respecting advanced rates on pine lumber to Ohio and Mississippi River crossings and points basing thereon, and to the announcement of the Southern Railway that said advances would not become effective before April 15th, I wish to advise that we are now in receipt of message from the general freight agent of the Louisville & Nashville Railroad, announcing the willingness of that line to make the advanced rates effective without qualification on April 1st or at latest April 15th, and it will therefore be the purpose of the Southern Ry. to make the advanced rates effective on the latter date. Will you kindly extend this notice to members and to representatives of western lines."

M. P. WASHBURN, *Chairman.*
H-w.

(Copy.)

Advance in pine lumber rates.

ILLINOIS CENTRAL RAILROAD COMPANY,
Louisville, March 9th, 1903.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Referring to general letter No. 1560, March 7th, 1903, file 4892.

The Illinois Central Railroad announces that it will make an advance of two cents per hundred pounds in its rates on yellow-pine lumber, carloads, to Ohio and Mississippi River crossings, St. Louis to Cincinnati, inclusive, and points basing thereon, with corresponding advance to Memphis, Nashville, western Tennessee, and central Kentucky junctions, effective April 15th, 1903.

A like advance will also be made from Gulf & Ship Island Railroad stations.

Yours, truly,

C. C. CAMERON,
General Freight Agent.

I. C.
CY.: F. B. B., W. E. K., W. M. R., G. W. B., J. S. W., W. L. S., F. H. H., W. E. D., T. B. M.

(Copy.)

YAZOO & MISSISSIPPI VALLEY RAILROAD COMPANY,
Louisville, March 9th, 1903.

Advance in pine lumber rates.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Referring to general letter No. 1560, March 7th, 1903, file 4892.

The Yazoo & Mississippi Valley Railroad announces that it will make an advance of two cents per hundred pounds in its rates on yellow pine lumber, carloads, to Ohio and Mississippi River crossings, St. Louis to Cincinnati, inclusive, and points basing thereon, with corresponding advance to Memphis, Nashville, western Tennessee, and central Kentucky junctions, effective April 15th, 1903.

Yours truly,

C. C. CAMERON,
General Freight Agent.

Y. & M. V.
CY. F. B. B., W. E. K., W. M. R., G. W. B., J. S. W., W. L. S., F. H. H., W. E. D., T. B. M.

[Telegram.]

NASHVILLE, TENN., *Mch. 9, 1903.*

M. P. WASHBURN, *Louisville.*

See your general letter fifteen sixty, March seventh, and my wire same date requesting that you withhold our declaration and await amended advices which were sent you Saturday, seventh inst. Please amend your general letter at once; file E.

G. R. KNOX.

2.46 p. m.

12443. MARCH 9th, 1903.

Advance in pine lumber rates.

Mr. A. S. DODGE,
F. T. M., St. Louis, Mo.

Mr. J. C. LINCOLN,
G. F. A., St. Louis, Mo.

Mr. E. E. SMYTHE,
G. F. A., Kansas City, Mo.

DEAR SIR: Will you kindly oblige me with early reply to my telegram of March 5th from Chicago, reading as follows:

"Louisville & Nashville Railroad announces it is prepared to make the advance of two cents on pine lumber to Ohio and Mississippi River crossings and points basing thereon as originally intended for

March first, effective on April first, or at latest on April fifteenth, without qualification. In view of Southern Railway announcement that its rates will not be advanced before April fifteenth, are you willing to say that your rates will be advanced on April fifteenth provided similar advancements are made by all interested roads east and west of Mississippi River? If so, I think advance to Western Trunk Line Committee territory should also be made on April fifteenth. Answer Louisville. Joint to Dodge, Farrell, Lincoln, Smythe, Groseclose, and Sargent."

Yours, truly,

General Freight Agent.

I. C.

12443. MARCH 9th, 1903.

Advance in pine lumber rates.

Mr. W. B. GROSECLOSE,
General Freight Agent, M., K. & T. Ry.,
St. Louis, Mo.

DEAR SIR: Will you kindly oblige me with early reply to my telegram of March 6th, reading as follows:

"Referring to meeting St. Louis Feb. seventeenth to twentieth to discuss rates on yellow pine lumber to Western Trunk Line Committee territory: Have you been advised that roads not represented at meeting, including Louisville & Nashville, Mobile & Ohio, New Orleans & Northeastern, Southern, and Arkansas Southern roads will advance their rates? Effective date was understood to be April first, but in view of situation as to rates to Ohio River crossings and points basing thereon I think advance to Western Trunk Line Committee territory should be made on April fifteenth. Answer."

Yours, truly,

General Freight Agent.

I. C.

[Missouri, Kansas & Texas Railway Co., freight traffic department, 707 Chestnut st. W. B. Groseclose, general freight agent; F. A. Leland, assistant general freight agent; J. L. West, assistant general freight agent.]

ST. LOUIS, MO., *March 9th, 1903.*

In your reply please refer to file No. 5310.

Mr. C. C. CAMERON,
G. F. A., Ill. Cent. Ry., Louisville, Ky.

DEAR SIR: Noting yours of the 6th, file 12443, in regard to advance in pine lumber rates.

We are agreeable to the earliest date that can be decided upon for making this advance effective.

Yours, truly,

W. B. GROSECLOSE.

Port Arthur Routes. The Kansas City Southern Railway Company. General freight department. E. E. Smythe, general freight agent. W. C. Dennis, ass't general freight agent.]

KANSAS CITY, MO., *March 9th, 1903.*

In reply please refer to file 19296–A.

Advance in lumber rates to Mississippi River, etc.

Mr. C. C. CAMERON,
G. F. A., Ill. Central R. R. Co.,
Louisville, Ky.

DEAR SIR: In acknowledging receipt of your joint wire of March 5th from Chicago, dealing with the proposition to advance lumber rates to St. Louis, Cairo, etc. It is certainly to be regretted that the advance could not have gone into effect as originally proposed, on March 1st, but if the east-side lines in all or part propose to make the date of advance effective April 15th, this company certainly feels that we should protect our own mills in the same manner, and if it is decided that the rates from the east-side mills can not be advanced before April 15th, that will be the date of advance from mills on the K. C. S.

Yours, truly, E. E. SMYTHE.

Copy to A. S. Dodge, F. T. M., St. Louis; J. C. Lincoln, G. F. A., St. Louis; E. L. Sargent, G. F. A., Dallas, Tex.; W. B. Groseclose, G. F. A., St. Louis; H. E. Farrell, F. T. M., St. Louis, Mo.

[General letter No. 1562.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
File No. 4892. *Louisville, Ky., March 10, 1903.*

To members:

Proposed advance in the rates on yellow pine lumber, laths, and shingles, from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the southeast to all Mississippi and Ohio River crossings between Memphis, St. Louis, and Cincinnati, including those points; also Nashville, West Nashville, and interior junction points in Kentucky and Tennessee.

Supplementing advices given in general letters Nos. 1490, 1499, 1500, 1502, 1514, 1516, 1517, 1518, 1519, 1520, 1528, 1530, 1536, 1539 (corrected), 1542, 1548, 1556, 1560, and 1561, be advised of receipt of the following additional communications, which have been received since the last notice from this office.

From the general freight agent of the Illinois Central Railroad:

"The Illinois Central Railroad announces that it will make an advance of two cents per hundred pounds in its rates on yellow pine lumber, carloads, to Ohio and Mississippi River crossings, St. Louis to Cincinnati, inclusive, and points basing thereon, with corresponding advance to Memphis, Nashville, western Tennessee, and central Kentucky junctions, effective April 15th, 1903.

"A like advance will also be made from Gulf & Ship Island Railroad stations."

From the general freight agent of the Y. & M. V. R. R. Co.:

"The Yazoo & Mississippi Valley Railroad announces that it will make an advance of two cents per hundred pounds in its rates on yellow pine lumber, carloads, to Ohio and Mississippi River crossings, St. Louis to Cincinnati, inclusive, and points basing thereon, with corresponding advance to Memphis, Nashville, western Tennessee and central Kentucky junctions, effective April 15th, 1903."

M. P. WASHBURN, *Chairman.*

F. L. Sb.

[Telegram.]

LOUISVILLE, *March 10, 1903.*

T. F. STEELE, *G. F. A., New Orleans, La.*; L. SEVIER, *G. F. A., Birmingham, Ala.*; G. R. KNOX, *G. F. A., Nashville, Tenn.*; HAIDEN MILLER, *G. F. A., St. Louis, Mo.*; E. K. VOORHEES, *A. G. F. A., Memphis, Tenn.*; E. A. NIEL, *G. F. A., Atlanta, Ga.*; LEE MCCLUNG, *A. F. T. M., Louisville, Ky.*; D. M. GOODWYN, *G. F. A., Louisville, Ky.*

D. C.—Are you not willing to make same advance in rate on lumber and shingles, carloads, from western Kentucky and Tennessee junction points, including Corinth, Miss., as made to Ohio River crossings and north, effective same date? Answer quick.

C. C. CAMERON.

Mailgram, 2.30 p. m.

ST. LOUIS, MO., 10.

C. C. CARMON, *Lou., Ky.*

B—Our advanced rates upon yellow-pine lumber from Iron Mountain producing points and connections to St. Louis and Cairo are issued to be effective Apl. first, & we will make effective same date the advances checked in at St. Louis conference to points on and west of the Mississippi River and east of Missouri River. Will not your lines take similar action?

J. C. LINCOLN.

[Chesapeake and Ohio Railway Company, freight traffic department. E. D. Hotchkiss, general freight agent.]

RICHMOND, VA., *March 10th, 1903.*

File 91.

Mr. W. R. WASHBURN,

Chairman Eastern Miss. Valley Asso., Louisville, Ky.

DEAR SIR: Lumber from Ga. and Fla. points to Huntington, W. Va. rates and divisions.

Will you not kindly let us have a reply to our letter to you of March 4th, inquiring if it was contemplated to make any advances in the present rates on lumber and forest products generally from the lumber districts of Tennessee and Mississippi to Huntington, W. Va., the present figure, as we understand it, being 23 cents per hundred pounds?

Yours, truly,

E. D. HOTCHKISS, *G. F. A.*

g

[Missouri, Kansas & Texas Railway Co., freight traffic department, 707 Chestnut st., W. B. Groseclose, general freight agent; F. A. Leland, assistant general freight agent; J. L. West, assistant general freight agent.]

ST. LOUIS, MO., *March 11th, 1903.*

In your reply please refer to file No. 5310.

Mr. C. C. CAMERON,
G. F. A., Ill. Cent. Ry., Louisville, Ky.

DEAR SIR: This acknowledges yours of the 9th, file 12443, in regard to advance in pine-lumber rates.

Your telegram of the 6th was answered by letter on the 7th.

It is our desire that the proposed advances be made effective April 1st, and we are not disposed to agree to any further postponement.

Yours, truly,

W. B. GROSECLOSE.

2

C. C. to Messrs. J. P. Park, J. C. Lincoln, J. A. Middlton, E. E. Smythe.

ATLANTIC COAST LINE RAILROAD COMPANY,
At Atlanta, March 11, 1903.

A

Mr. E. A. NIEL,
G. F. A., Atlanta.

DEAR SIR: Lumber from southeastern territory to Ohio and Mississippi river crossings and beyond.

Yours of the 6th, 3149–W, in which you advise that it will be your purpose to make the advance on lumber from southeastern territory to Ohio River and Mississippi River crossings and beyond effective April 15th. This date will be satisfactory to us; and assuming that all other lines will concur therein, we will proceed accordingly.

Yours, truly,

J. M.,
General Freight Agent.

Cy. S. F. P., M. P. W., J. W. P., D. M. G., C. C. C., H. M., G. R. K., T. C. P., C. R. C., W. E. E., G. P. B., J. M. C.

[Gulf & Ship Island Railroad Co., office of the general freight and passenger agent, S. D. Boylston, G. F. & P. A.]

GULFPORT, MISS., *March 11th, 1903.*

Mr. C. C. CAMERON,
G. F. A., Louisville, Ky.

DEAR SIR: Your letter of March 4th, file H–12443 L/, to hand, and has been given careful consideration.

You advise that you do not see why we make a distinction so far as territory is concerned. In reply will advise that I find this distinction as to territory is a condition already existing, confirmed by contract, and settled by agreement after due deliberation by our respective managing officials.

Where traffic agreements have allowed an arbitrary to Jackson, irrespective of the local rate, we make no contention for any change in such arbitraries. But into that territory where the existing agreements demand the deduction of an arbitrary north or west of your

junctions, and require the remainder of the rate prorated on already agreed percentages, we also require these conditions to continue in effect.

With these further remarks, we must again submit our letter of Feb. 27th to you as an explanation of our stand in the division of lumber rates.

Yours, truly,

S. D. BOYLSTON, *G. F. & P. A.*

[Telegram.]

MARCH, 11TH, 1903.

J. C. LINCOLN, *St. Louis, Mo.:*

B–2.—See your wire March tenth, file B. In view of notice of other east-side roads we can not possibly make our advance in yellow-pine rates effective until April fifteenth, which is date used by other roads.

C. C. CAMERON.

W. U. Ans. D. H. 1032.

(Copy.)

LOUISVILLE & NASHVILLE RAILROAD COMPANY,
Atlanta, Ga., March 13th, 1903.

Mr. M. P. WASHBURN,
Chairman, S. E. M. V. Assn., Louisville, Ky.

DEAR SIR: Rates on lumber.

This is to advise that effective April 15th, 1903, it is the purpose of the Louisville & Nashville R. R. to advance the present rates on yellow-pine lumber, carloads, to the extent of two cents per hundred pounds from all points on its line to St. Louis, East St. Louis, and all Mississippi River crossings between Memphis and St. Louis and all Ohio River crossings, Cairo to Cincinnati, both inclusive. Rates on yellow-pine lumber to all points north of the Ohio River and east of the Mississippi River, to and including points in the Buffalo-Pittsburg zone, will be made on lowest combination, effective April 15th.

It is also our purpose to make a corresponding advance of two cents per hundred pounds in the rates on yellow-pine lumber from stations on our line to Memphis Tenn., Nashville, Tenn., and to West Tennessee and Kentucky junction points, provided this advance is not in excess of our local mileage scale.

Yours, truly,

D. M. GOODWYN,
General Freight Agent.

Copy to S. F. Parrott, E. A. Niel, C. C. Cameron, Haiden Miller, A. G. Jackson, R. A. Brand, G. P. Biles, W. E. Estes, C. R. Capps, Lee McClung, L. Sevier, James Menzies, G. R. Knox, E. K. Voorhees, J. M. Cutler, T. F. Steel, R. E. Lutz.

[Frisco System. St. Louis and San Francisco Railroad Company. Kansas City, Memphis and Birmingham Railroad Company. E. K. Voorhees, Asst. Genl. Freight Agent, Southern Express building.]

MEMPHIS, TENN., *March 14th, 1903.*

Mr. C. C. CAMERON,
G. F. A., Louisville, Ky.

DEAR SIR: Rates on lumber to Ohio River crossings and northern points.

Referring to your mailgram of the 10th, suggesting same advance from western Kentucky and Tennessee junctions, including Corinth, as made on yellow-pine lumber from southern points. If the suggestion is satisfactory to other lines we are willing to advance our figures.

Yours, truly,

E. K. VOORHEES, *A. G. F. A.*

E. K. V.–S., C. C., T. F. S., L. S., G. R. K., H. M., E. A. N., L. McL., D. M. G.

[Telegram.]

RUSTON, LA., 14.

C. C. CAMERON, *G. F. A., Lou., Ky.*:

What date has been agreed upon for advance in yellow-pine rates to Ohio and Mississippi river crossings?

W. H. QUIGG.

4892. MARCH 14, 1903.

Mr. E. D. HOTCHKISS,
G. F. A., C. & O., Richmond, Va.

DEAR SIR: Lumber from Georgia and Florida points to Huntington, W. Va.

Your favor of March 10th, file 91.

I beg to advise that there is under consideration in this association an advance in the rates on yellow-pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast, to all Mississippi and Ohio River crossings between Memphis, St. Louis, and Cincinnati, including those points; also Nashville, West Nashville, and interior junctions in Kentucky and Tennessee.

Yours, truly,

F. L. Sb. *Chairman.*

[Illinois Central Railroad Company—The Yazoo & Mississippi Valley R. R. Co.]

Circular No. B 1212.

(Cancels Circular No. A 1212.)

Special and important.

LOUISVILLE, *March 16, 1903.*

To agents and connections:

The advance of two cents per 100 lbs. in rates on pine lumber, car loads, previously announced for March 1st and postponed to a later date, will now be made effective on April fifteenth, 1903, from stations and mills on the Illinois Central Railroad, The Yazoo & Mississippi Valley Railroad, and the Gulf & Ship Island Railroad to Ohio River crossings; Mississippi River crossings, Memphis to St. Louis, inclusive; The Buffalo-Pittsburg zone; western Tennessee junctions and central Kentucky junctions, Nashville, Chattanooga, and all points adjusted on relative bases.

Also, effective on April fifteenth, 1903, the rates to points north of the Ohio River, on and east of the Mississippi River and west of the Buffalo-Pittsburg zone, will be made on combination.

The advances to points in Missouri, Iowa, Minnesota, Wisconsin, North Dakota, and South Dakota, as referred to in Supplement No. 1 of March 7, 1903, to Circular No. A 1212, will become effective as announced on April fifteenth, 1903.

Tariff B 8110, containing the new rates, will be distributed in a few days.

CHARLES C. CAMERON,
General Freight Agent.

(Authority A 2236.)

[Mobile & Ohio Railroad Co. General freight department. Haiden Miller, general freight agent J. M. Denyven, assistant general freight agent.]

ST. LOUIS, MO., *March 15, 1903.*

In replying, please refer to file No. 2/77676B.

Mr. C. C. CAMERON,
G. F. A., I. C. R. R., Louisville, Ky.

DEAR SIR: Advance in rates on lumber from the South to points on and north of the Ohio and east of the Mississippi rivers.

Please see your mail-gram of March 10th addressed to Mississippi Valley lines suggesting same advance in rates on lumber and shingles, C. L., from western Kentucky and Tennesee territory to Ohio River crossings and north, as made in the pine lumber rates.

In this connection I call your attention to correspondence with you under your file No. H–12440–L. I think this correspondence will explain clearly why we can not make a blanket advance such as you suggest, and while the Memphis rates may not in all cases prevent a moderate advance from west Tennessee and Kentucky junctions, I do not believe it can be arrived at without a conference to check the figures.

Yours, truly, HAIDEN MILLER, *G. F. A.*

H. 12443 A. MARCH 16th, 1903.

Advance in rates on yellow pine lumber.

Mr. W. B. GROSECLOSE,
G. F. A., M. K. & T., St. Louis.

DEAR SIR: Replying to your letter of the 11th inst., file 5310, advising your purpose to establish the advanced rates effective April 1st.

I believe you understand that our position in this matter is that we can not advance our rates until similar advances are made by other roads in our territory, and as those lines have announced their intention of putting in the advances, effective April 15th, our company will issue its rates effective on that date.

Yours, truly,
General Freight Agent.

I. C., J. H.
Copy to J. P. P., J. C. L., J. A. M., E. E. S.

[Telegram.]

Western Union 10567.

MARCH 16th, 1903.

S. D. BOYLESTON,
G. & S. I. R. R., Gulfport, Miss.:

Effective April fifteenth, an advance of two cents will be made on yellow pine, carloads, to Ohio and Mississippi River crossings, Cincinnati to St. Louis inclusive; to Buffalo-Pittsburgh zone, Memphis, Tenn., western Tennessee junctions, central Kentucky junctions; rates to points north of the Ohio and east of the Mississippi rivers will be made on lowest combinaiton, and rates to Western Trunk Line Committee territory will be advanced from one to two cents; all foregoing from both Illinois Central and Gulf & Ship Island stations. Similar announcements as to advances have been made by other interested roads. No change will be made in the proportions at present allowed your road. Will send you new tariffs within few days.

C. C. CAMERON.

Cy. to Mr. W. M. Rhett.

[Telegram.]

NEW ORLEANS, LA., *Mar. 16.*

C. C. CAMERON, *Louisville, Ky.:*

See Goodwyn's circular letter dated March thirteenth relative to advance in yellow pine rates and advise quick if it is generally understood that all lines will advance, effective April fifteenth, the rates to points if Buffalo-Pittsburg territory and other territory shown in Goodwyn's circular letter.

T. F. STEELE.

1.11 p. m.

ILLINOIS CENTRAL RAILROAD COMPANY,
Louisville, March 16, 1903.

Advance in pine lumber rates.

Mr. M. P. WASHBURN,
Chairman S. E. M. V. Association, Louisville.

DEAR SIR: In connection with my announcement of March 9th, I desire to now announce that the Illinois Central Railroad will make an advance of two cents per hundred pounds in its rates on yellow pine lumber, carloads, to the Buffalo-Pittsburg zone; also, that to other points north of the Ohio and east of the Mississippi rivers our rates will be made on lowest combinations; both of these announcements to be effective on April 15th, 1903.

The same will also apply with respect to rates from Gulf & Ship Island R. R. stations.

Yours, truly,

C. C. CAMERON,
General Freight Agent.

I. C.

Copies to Mr. F. B. Bowes, W. M. Rhett, F. H. Harwood, W. E. Keepers, G. W. Becker, W. L. Smith, E. Doul.

YAZOO & MISSISSIPPI VALLEY RAILROAD COMPANY,
Louisville, March 16, 1903.

Advance in pine lumber rates.

Mr. M. P. WASHBURN,
Chairman S. E. M. V. Association, Louisville.

DEAR SIR: In connection with my announcement of March 9th, I desire to now announce that the Yazoo & Mississippi Valley Railroad will make an advance of two cents per hundred pounds in its rates on yellow pine lumber, carloads, to the Buffalo-Pittsburg zone; also, that to other points north of the Ohio and east of the Mississippi rivers our rates will be made on lowest combination; both of these announcements to be effective on April 15, 1903.

Yours, truly,

C. C. CAMERON,
General Freight Agent.

Y. & M. V.

Copies to Mr. F. B. Bowes, W. M. Rhett, F. H. Harwood, W. E. Keepers, G. W. Becker, W. L. Smith, E. Doul.

12443. MARCH 16th, 1903.

Advance in pine-lumber rates.

Mr. A. S. DODGE, *F. T. M., St. Louis, Mo.;* Mr. H. E. FARRELL, *F. T. M., St. Louis, Mo.;* Mr. J. C. LINCOLN, *G. F. A., St. Louis, Mo.;* Mr. E. E. SMYTHE, *G. F. A., Kansas City, Mo.;* Mr. W. B. GROSECLOSE, *G. F. A., St. Louis, Mo.;* Mr. E. L. SARGENT, *G. F. A., Dallas, Tex.*

DEAR SIR: The Illinois Central Railroad and the Yazoo & Mississippi Valley Railroad have announced that, effective April 15th, 1903, they will make an advance of two cents per hundred pounds in the rates on yellow pine lumber, carloads, to Ohio and Mississippi River crossings, Cincinnati to St. Louis, inclusive, to the Buffalo-Pittsburgh zone, Memphis, Tenn., Western Tennessee junctions, and central Kentucky junctions, and similar announcements have been made by all other interested roads south of the Ohio and east of the Mississippi River.

My understanding is that all the interested roads west of the Mississippi River will advance their rates either on April 1st or on April 15th.

Will you kindly telegraph me on receipt of this letter the exact date on which your rates will become effective?

It is also my understanding that all interested roads east of the Mississippi River will make the advances to Western Trunk Line Committee territory as discussed at the St. Louis meeting, Feb. 17th to 20th, effective on April 15th. Will you kindly say in your telegram whether your advances to these points will become effective on April 1st or April 15th?

Yours, truly,

C. C. CAMERON,
General Freight Agent.

ILLINOIS CENTRAL RAILROAD COMPANY,
OFFICE OF GENERAL FREIGHT AGENT,
Louisville, March 16th, 1903.

In replying, please refer to file 12443.

Advance in pine lumber rates.

Mr. M. P. WASHBURN,
Chairman, S. E. M. V. Association, Louisville, Ky.

DEAR SIR: In connection with the above-described subject, I wish you would obtain definite and positive advices without unnecessary delay on the point as to whether the Arkansas, Texas, and Louisiana roads propose to make an advance of two cents in their rates on yellow pine lumber, carloads, to Memphis, Tenn. It is very important that we have this information at the earliest practicable moment.

Yours, truly,
C. C. CAMERON,
I. C. *General Freight Agent.*

ILLINOIS CENTRAL RAILROAD COMPANY,
OFFICE OF GENERAL FREIGHT AGENT,
Louisville, March 16th, 1903.

In replying, please refer to file 12443.

Advance in pine lumber rates.

Mr. M. P. WASHBURN,
Chairman, S. E. M. V. Association, Louisville, Ky.

DEAR SIR: Referring to announcements filed by myself for the Illinois Central Railroad and the Yazoo & Mississippi Valley Railroad, also to discussion at Atlanta on the 12th inst.:

I suggest the extreme importance of your telegraphing Chairman Cale at once, advising him of the effective date having been fixed as April 15th, 1903, by all roads east of the Mississippi River, and also making it clear to what points of destination the advance is made, and ask him to secure announcements from all interested roads in Arkansas, Louisiana, and Texas as to whether they will make their advances effective on April 15th, and advising you so that you may notify interested roads east of Mississippi River without unnecessary delay.

Yours, truly,
C. C. CAMERON,
I. C. *General Freight Agent.*

MARCH 17, 1903.

G. W. CALE, *Chairman, St. Louis, Mo.:*

Effective April fifteenth, nineteen naught three, all roads east of the Mississippi River have signified intention of advancing lumber rates two cents to St. Louis, East St. Louis, and all Mississippi River crossings between Memphis and St. Louis; also all Ohio River crossings, Cairo to Cincinnati, both inclusive; also corresponding advance to Nashville, Memphis, and West Tennessee and Kentucky junctions.

Please ascertain and advise me promptly if all interested roads in Arkansas, Louisiana, and Texas will make corresponding advances effective same date.

M. P. WASHBURN.

H. R. 1927. f.

[Southeastern Mississippi Valley Association. Offices: Columbia Building. Louisville & Nashville R. R., Mobile & Ohio R. R., Nash., Chat. & St. Louis Ry., N. O. & Northeastern R. R., Southern Railway, Yazoo & Miss. Valley R. R., Alabama Great Southern R. R., Alabama & Vicksburg Ry., Cin., N. O. & Tex. Pac. Ry., Illinois Central R. R., Illinois Central R. R. (Lou. Div.), Kan. City, Mem. & Birm. R. R. M. P. Washburn, Chairman.]

In your reply refer to file 4892.

LOUISVILLE, KY., *March 17, 1903.*

Mr. C. C. CAMERON,
G. F. A., Louisville, Ky.

DEAR SIR: Advance in pine lumber rates.

Yours of the 16th, file 12443.

I attach hereto a copy of telegram which we have this day sent to Chairman Cale, calling attention to the advance in the lumber rates and requesting him to advise us promptly if all interested roads in Arkansas, Louisiana, and Texas will make corresponding advances, effective same date.

We will advise further as soon as Chairman Cale has been heard from.

Yours, truly,

M. P. WASHBURN,
Chairman.

Hf.

[Queen & Crescent Route. Alabama Great Southern Railroad Company. Office of the general freight agent. L. Sevier, general freight agent.

Refer to file C–3559–A.

BIRMINGHAM, ALA., *March 17th, 1903.*

Mr. C. C. CAMERON,
G. F. A., Louisville, Ky.

DEAR SIR: Referring to your wire of the 16th, we see no objection to the advance proposed from western Kentucky and Tennessee junctions, including Corinth, Miss., on lumber, effective April 15th.

Yours, truly,

L. SEVIER,
General Freight Agent.

sm.

(Copy.)

File No. 1–77676–B.

MOBILE & OHIO RAILROAD CO.,
St. Louis, Mo., March 18, 1903.

Mr. M. P. WASHBURN,
Chairman, S. E. M. V. Assn., Louisville, Ky.

DEAR SIR: Advance in rates on yellow pine lumber from points in the south to points on and north of the Ohio and east of the Mississippi rivers.

This is to advise that effective April 15th, 1903, the Mobile & Ohio R. R. will advance its rates on yellow pine lumber, carloads, 2 c. per 100 lbs. from points on our line to St. Louis, East St. Louis, and all Mississippi River crossings between Memphis and St. Louis, and to all Ohio River crossings, Cairo to Cincinnati, inclusive. The rates on yellow pine lumber to all points north of the Ohio and east of the Mississippi River to and including points in the Buffalo-Pittsburgh zone, effective the same date, will be made on the lowest combination.

It is also our intention to make an advance of 2 c. per 100 lbs. in the rates on yellow pine lumber from stations on our line to Chattanooga, Memphis, Nashville, Tenn., and to western Kentucky and

Tennessee junction points, except where our local mileage scale would make less.

In addition to the foregoing, I would advise it is our purpose to apply on lumber, other than yellow pine, from stations on our Montgomery division east of Columbus, and on our main line, Meridian to Mobile, inclusive, the same rates that we apply on yellow pine, except that we will make no change in the rates on walnut, cherry, cedar, and mahogany lumber from Mobile, which are now higher than the proposed advanced rates on yellow pine.

Yours, truly,

HAIDEN MILLER, *G. F. A.*

12443. MARCH 18TH, 1903.

Advance in pine lumber rates.

Mr. S. D. BOYLESTON,
G. F. A., G. & S. I. R. R., Gulfport, Miss.

DEAR SIR: Referring to your letter of March 11th and telegram of the 17th inst., both of which reached this office on the same day:

Where our traffic agreement provides for the allowance of arbitraries beyond our junctions and prorate of the remainder with your road on percentage basis, we will continue the percentages, but the maximum allowance which we will make the Gulf & Ship Island road will be seven cents per hundred pounds.

Yours, truly,

General Freight Agent.

MARCH 20, 1903.

Mr. S. F. PARROTT,
Chairman, Atlanta, Ga.

DEAR SIR: Request for tariffs.

Will you please attach to this communication and send me by return mail three copies of proceedings of meetings of interested lines held at The Piedmont, January 24–25th, to consider the advance in rates on lumber from southern and southwestern points to Ohio and Mississippi River crossings, etc.?

Yours, truly,

Rb. *Chairman.*

MARCH 21ST, 1903.

M. P. WASHBURN,
Louisville, Ky.

B–2. See my letter of March 10th, regarding advance of two cents per hundred pounds in rates on yellow pine lumber from Arkansas, Texas, and Louisiana to Memphis. Kindly advise if you have yet heard from the west side roads regarding this advance.

C. C. C.

[Telegram.]

ST. LOUIS, MO., *Mch. 21st, 1903.*

M. P. WASHBURN,
Chairman, S. E. M. V. Assn., Louisville, Ky.:

Information received indicates that some of the lines will make advances on lumber effective April first, others April fifteenth. Will advise soon as all lines are heard from.

GEO. W. CALE.

1135a.

Cy. F. W. P., R. A. C., L. L. McC., J. R. H., J. W. H., G. K. B., H. L. M., H. L. McK., E. F.

MARCH 21, 1903.

Rate 314–B.
Mr. S. F. PARROTT,
Chairman, City.

DEAR SIR: Rate adjustment: Rates on yellow-pine lumber from the south to western points:

It will be the intention of the Southern Railway, effective April 15th, 1903, to make the following changes in rates on lumber from points on its line, and to participate with its connections in making similar changes from points on their lines, namely:

We will advance two cents per hundred pounds in the rates on yellow-pine lumber, carloads, from producing points in Mississippi, Louisiana, and the Southeast to St. Louis, East St. Louis, and all Mississippi River crossings between Memphis and St. Louis, and all Ohio River crossings Cairo to Cincinnati, both inclusive.

We will make the rates to all points north of the Ohio River and east of the Mississippi River and west of the western termini of the trunk lines on the lowest combination.

We will also make an advance of two cents per hundred pounds in the rates to Nashville, Tenn., Memphis, Tenn., to west Tennessee, and Kentucky junction points, provided this does not make rates in excess of the continuous local scale of any line.

We will also make an advance of two cents per hundred pounds in the rates to Chattanooga, Tenn., provided it does not exceed the continuous local scale of any line.

It will also be our purpose to make an advance of two cents per hundred pounds from points in Mississippi, Alabama, and the Southeast to the Buffalo-Pittsburg zone.

Yours, truly, E. A. NIEL, *G. F. A.*

[Southern Railway Company. Office of general freight agent. E. A. Niel, general freight agent. L. Green, assistant general freight agent.]

Rate 3149–B. ATLANTA, GA., *March 21, 1903.*

Mr. N. P. WASHBURN, *Chairman, Louisville, Ky.*
Mr. LEE MCCLUNG, *A. F. T. M., Louisville, Ky.*
Mr. T. C. POWELL, *F. T. M., Washington, D. C.*

DEAR SIR: Rate adjustment: Rates on yellow-pine lumber from the South to western points.

I enclose herewith copy of my letter of this date to Chairman Parrott announcing our intention to make the advance in rates on lumber effective April 15th, 1903, as per action taken under subject 393, 3rd joint convention.

The southeastern lines will handle the question of advancing the basing rates to Virginia cities, which is necessary in order to bring about the two-cent advance to points in the Buffalo-Pittsburg zone.

Yours, truly,

E. A. NIEL, *G. F. A.*
W. H. P.

[Southwestern tariff committee. Office of chairman. Fullerton Building. Geo. W. Cale, chairman.]

ST. LOUIS, MO., *March 23rd, 1903.*

Please refer to file 8100.

Rates on lumber.

Mr. M. P. WASHBURN,
Chairman, S. E. M. V. Ass'n, Louisville, Ky.

DEAR SIR: Again referring to your telegram of the 17th inst., relative to advance in lumber rates:

I have nothing further to offer than indicated in my telegram of the 21st inst., reading as follows:

"Information received indicates that some of the lines will make advances on lumber, effective April first; others April fifteenth. Will advise soon as all lines are heard from."

It would appear that April 15th will be the latest date on which advance in lumber rates can be made effective. Some of the lines will endeavor to make their rates effective April 1st.

Yours, truly,

W-1. G. W. CALE, *Chairman.*

4892. MARCH 23rd, 1903.

Mr. S. F. PARROTT,
Chairman, Atlanta, Ga.

DEAR SIR: Rates on yellow-pine lumber from the South to western points.

Your file No. 34974. I herewith enclose copy of our rate advice No. 5793, providing for an advance of 2 cents per 100 lbs. on yellow-pine lumber from S. E. M. V. territory to Ohio and Mississippi River crossings, Memphis, St. Louis, and Cincinnati (all inclusive), Nashville, and west Tennessee and Kentucky junction points, effective April 15th, 1903.

This is in accordance with recommendation submitted under subject No. 393 at the third joint convention. When may we expect your issue providing for similar advance from S. E. F. Association territory? Please advise.

Yours, truly,

Rb. *Chairman.*

[Rate advice No. 5793.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
File No. S-6139. *Louisville, Ky., March 23rd, 1903.*

Taking effect April 15th, 1903. Rates on yellow-pine lumber from producing points in S. E. M. V. territory to all Mississippi and Ohio River crossings between St. Louis and Cincinnati, including those points, and to Nashville and Memphis, Tenn., and west Tennessee and Kentucky junction points.

Interested lines in S. E. M. V. Association territory have individually declared that, effective April 15th, 1903, an advance of 2 cents per 100 lbs. will be made in the rates on yellow-pine lumber, carloads, from producing points in Mississippi, Louisiana, and the Southeast, on their respective lines, to St. Louis, East St. Louis, and all Mississippi River crossings between Memphis and St. Louis, and all Ohio River crossings Cairo to Cincinnati, both inclusive.

Further that the rates on pine lumber to all points north of the Ohio River and east of the Mississippi River and west of the western termini of the trunk lines will be made on lowest combination.

Further, that a corresponding advance of two cents per 100 lbs. will be made in the rates to Nashville, Tenn., Memphis, Tenn., and to west Tennessee and Kentucky junction points, provided not in excess of the continuous local scale of any line.

Further, that an advance of two cents per 100 lbs. will be made in the rates to Chattanooga, Tenn., provided it does not exceed the continuous local scale of any line.

In the matter of rates on lumber other than yellow pine from stations on the Mobile & Ohio R. R., Montgomery Division, east of Columbus, Miss., and main-line stations Meridian to Mobile, inclusive, the Mobile & Ohio R. R. declares its purpose to apply yellow-pine lumber rates, except that no change will be made in the rates on walnut, cherry, cedar, and mahogany lumber from Mobile, which are now higher than the proposed advanced rates on yellow-pine lumber.

Issued in accordance with individual declarations of members, as embodied in general letter No. 1576.

Supersedes rate advices Nos. 5624 and 5626.

Rb. M. P. WASHBURN, *Chairman.*

[General letter No. 1576.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
File No. 4892. *Louisville, Ky., March 23rd, 1903.*

Proposed advance in the rates on yellow-pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Ohio and Mississippi River crossings between Memphis, St. Louis, and Cincinnati, including those points; also Nashville, West Nashville, and interior junction points in Kentucky and Tennessee.

Referring to subject No. 6139 at the 37th meeting of the association (subject No. 393 at the third joint convention), be advised as information of receipt of the following declarations:

From the general freight agent of the Illinois Central R. R., dated March 9th:

"The Illinois Central Railroad announces that it will make an advance of two cents per hundred pounds in its rates on yellow-pine lumber, carloads, to Ohio and Mississippi River crossings, St. Louis to Cincinnati, inclusive, and points basing thereon, with corresponding advance to Memphis, Nashville, western Tennessee and central Kentucky junctions, effective April 15th, 1903.

"A like advance will also be made from Gulf & Ship Island Railroad stations."

From the general freight agent of the Illinois Central Railroad, dated March 16th:

"In connection with my announcement of March 9th, I desire to now announce that the Illinois Central Railroad will make an advance of two cents per hundred pounds in its rates on yellow pine lumber, carloads, to the Buffalo-Pittsburg zone; also that to other points north of the Ohio and east of the Mississippi rivers our rates will be made on lowest combinations, both of these announcements to be effective on April 15th, 1903.

"The same will also apply with respect to rates from Gulf & Ship Island R. R. stations."

From the general freight agent of the Y. & M. V. R. R., dated March 9th:

"The Yazoo & Mississippi Valley Railroad announces that it will make an advance of two cents per hundred pounds in its rates on yellow-pine lumber, carloads, to Ohio and Mississippi River crossings, St. Louis to Cincinnati, inclusive, and points basing thereon, with corresponding advance to Memphis, Nashville, western Tennessee and central Kentucky junctions, effective April 15th, 1903."

From the G. F. A. of the Y. & M. V. R. R., dated March 16th:

"In connection with my announcement of March 9th, I desire to now announce that the Yazoo & Mississippi Valley Railroad will make an advance of two cents per hundred pounds in its rates on yellow-pine lumber, carloads, to the Buffalo-Pittsburg zone; also that to other points north of the Ohio and east of the Mississippi rivers our rates will be made on lowest combination, both of these announcements to be effective April 15th, 1903."

From the general freight agent of the L. & N. R. R. Co., dated March 13th:

"This is to advise that, effective April 15th, 1903, it is the purpose of the Louisville & Nashville R. R. to advance the present rates on yellow-pine lumber, carloads, to the extent of two cents per hundred pounds from all points on its line to St. Louis, East St. Louis, and all Mississippi River crossings between Memphis and St. Louis and all Ohio River crossings, Cairo to Cincinnati, both inclusive. Rates on yellow-pine lumber to all points north of the Ohio River and east of the Mississippi River to and including points in the Buffalo-Pittsburg zone will be made on lowest combination, effective April 15th.

"It is also our purpose to make a corresponding advance of two cents per hundred pounds in the rates on yellow-pine lumber from stations on our line to Memphis, Tenn., Nashville, Tenn., and to west Tennessee and Kentucky junction points, provided this advance is not in excess of our local mileage scale."

From the general freight agent of the Mobile & Ohio Railroad, dated March 18th:

"This is to advise that, effective April 15th, 1903, the Mobile & Ohio R. R. will advance its rates on yellow-pine lumber, carloads, 2¢ per 100 lbs. from points on our line to St. Louis, East St. Louis, and all Mississippi River crossings between Memphis and St. Louis and to all Ohio River crossings, Cairo to Cincinnati, inclusive. The rates on yellow-pine lumber to all points north of the Ohio and east

of the Mississippi River to and including points in the Buffalo-Pittsburg zone, effective the same date, will be made on the lowest combination.

"It is also our intention to make an advance of 2¢ per 100 lbs. in the rates on yellow-pine lumber from stations on our line to Chattanooga, Memphis, Nashville, Tenn., and to western Kentucky and Tennessee junction points, except where our local mileage scale would make less.

"In addition to the foregoing, I would advise it is our purpose to apply on lumber, other than yellow pine, from stations on our Montgomery Division east of Columbus, and on our main line, Meridian to Mobile, inclusive, the same rates that we apply on yellow pine, except that we will make no change in the rates on walnut, cherry, cedar, and mahogany lumber from Mobile, which are now higher than the proposed advanced rates on yellow pine."

In this connection attention is here called to wire received from the chairman of the Southwestern Tariff Committee, dated March 21st:

"Information received indicates that some of the lines will make advances on lumber effective April first, others April 15th. Will advise as soon as all lines are heard from."

The following has been received from the general freight agent of the Southern Railway, dated March 21st:

"I enclose herewith copy of my letter of this date to Chairman Parrott announcing our intention to make the advance in rates on lumber effective April 15th, 1903, as per action taken under subject 393, 3rd joint convention.

"The southeastern lines will handle the question of advancing the basing rates to Virginia cities, which is necessary in order to bring about the two-cent advance to points in the Buffalo-Pittsburg zone."

The carbon of letter addressed to Chairman Parrot, referred to by Mr. Neil, reads as follows:

"It will be the intention of the Southern Railway, effective April 15th, 1903, to make the following changes in rates on lumber from points on its line, and to participate with its connections in making similar changes from points on their lines, namely:

"We will advance two cents per hundred pounds in the rates on yellow-pine lumber, carloads, from producing points in Mississippi, Louisiana, and the Southeast to St. Louis, East St. Louis, and all Mississippi River crossings between Memphis and St. Louis, and all Ohio River crossings, Cairo to Cincinnati, both inclusive.

"We will make the rates to all points north of the Ohio River and east of the Mississippi River and west of the western termini of the trunk lines on the lowest combination.

"We will also make an advance of two cents per hundred lbs. in the rates to Nashville, Tenn., Memphis, Tenn., to west Tennessee and Kentucky junction points, provided this does not make rates in excess of the continuous local scale of any line.

"We will also make an advance of two cents per 100 lbs. in the rates to Chattanooga, Tenn., provided it does not exceed the continuous local scale of our line.

"It will also be our purpose to make an advance of two cents per 100 lbs. from points in Mississippi, Alabama, and the Southeast to the Buffalo-Pittsburg zone."

Assuming that other interested lines in the S. E. M. V. S. E. F. Associations, as well as lines west of the Mississippi River, will file declarations in accordance with recommendation submitted at the 37th meeting of the association, the chairman will reissue his rate advices Nos. 5624, 5625, and 5626, making the effective date April 15th, 1903, instead of March 1st, as now shown.

See rate advices Nos. 5793 and 5794.

Rb. M. P. WASHBURN, *Chairman.*

[Rate advice No. 5794.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., March 23, 1903.

File No. S–6139.

Taking effect April 15th, 1903, rates on shingles from Mobile, Ala., New Orleans, La., and other shingle-producing points in the South, to Ohio River crossings, St. Louis, and points basing thereon.

Interested lines have individually declared their purpose, effective April 15th, 1903, to advance the present rate on shingles from Mobile and New Orleans to Ohio River crossings, St. Louis, and points basing thereon, two cents per 100 lbs., provided no lower totals than those so made from Mobile and New Orleans are applied from Plaquemine and other shingle-producing points adjusted with relation thereto.

Issued in accordance with individual declarations filed with the chairman.

Supersedes rate advice No. 5625.

M. P. WASHBURN, *Chairman.*

Rb.

[Telegram.]

ATLANTA, GA., *Mch. 24, 1903.*

C. C. CAMERON, *Louisville, Ky.:*

File B. Your wire twenty-first, file B–two. Your company was represented at meeting in Atlanta when it was definitely decided that advance in lumber rates would be made effective on April fifteenth. Southern Ry. has filed declaration with Parrott in line with recommendations submitted at that meeting. It is our purpose to advance rates to western trunk-line territory, including western trunk-line termini.

E. A. NIEL.

3.57 p. m.

[Rate advice No. 5798.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., March 25, 1903.

File No. S–6139.

Taking effect April 15th, 1903, rates on yellow-pine lumber from producing points in S. E. M. V. Association territory to all Mississippi and Ohio River crossings between St. Louis and Cincinnati, including those points, and to Nashville and Memphis, Tenn., and west Tennessee and Kentucky junction points.

Interested lines in S. E. M. V. Association territory have individually declared that, effective April 15th, 1903, an advance of two cents per 100 lbs. will be made in the rates on yellow-pine lumber, carloads, from producing points in Mississippi, Louisiana, and the southeast, on their respective lines, to St. Louis, East St. Louis, and all Mississippi River crossings between Memphis and St. Louis, and all Ohio River crossings, Cairo to Cincinnati, both inclusive.

Further, that the rates on pine lumber to all points north of the Ohio River and east of the Mississippi River and west of the western termini of the trunk lines will be made on lowest combination.

Further, that a corresponding advance of two cents per 100 lbs. will be made in the rates to Nashville, Tenn., Memphis, Tenn., and to west Tennessee and Kentucky junction points, provided not in excess of the continuous local scale of any line.

Further, that an advance of two cents per 100 lbs. will be made in the rates to Chattanooga, Tenn., provided it does not exceed the continuous local scale of any line.

Further, that an advance of two cents per 100 lbs. will be made in the rates on yellow-pine lumber, C. L., from points in Mississippi, Alabama, and the Southeast to Buffalo-Pittsburg zone.

In the matter of rates on lumber other than yellow pine from stations on the Mobile & Ohio R. R., Montgomery division, east of Columbus, Miss., and main-line stations Meridian to Mobile, inclusive, the Mobile & Ohio R. R. declares its purpose to apply yellow-pine lumber rates, except that no change will be made in the rates on walnut, cherry, cedar, and mahogany lumber from Mobile, which are now higher than the proposed advanced rates on yellow-pine lumber.

Issued in accordance with individual declarations of members as embodied in general letter No. 1576.

Supersedes rate advice No. 5793.

M. P. WASHBURN, *Chairman.*

H–w

[Telegram.]

ST. LOUIS, MO., *Mch. 25th, 1903.*

M. P. WASHBURN,
Chairman Southeastern Mississippi Valley Assn.,
Louisville, Ky.:

So far as heard from, indications are that advance in lumber rates will be made effective not later than April fifteenth, via all lines.

G. W. CALE.

12.58 p.

[Telegram.]

ST. LOUIS, MO., *Mch. 25th, 1903.*

M. P. WASHBURN, *Chairman, Louisville, Ky.:*

File B. See your rate advice fifty-seven ninety-four. Please advise me what lines have announced April fifteenth as effective date for advanced rate on shingles from Mobile and New Orleans. We have made no change in the date effective via our line, as shown in your rate advice 5626. L. and N. advise us, under date March fourteenth, that their advance would be effective March tenth.

HAIDEN MILLER.

11.32 a.

MAR. 25, 1903.

HAIDEN MILLER, *G. F. A., St. Louis, Mo.:*

Your file B. Our rate advice fifty-seven ninety-four simply superseded our rate advice fifty-six twenty-five. It is our understanding that effective date of advance in rates on shingles was postponed same as on lumber.

M. P. WASHBURN. H–w

Ans. to D–H No. 479–25.

[Telegram.]

ST. LOUIS, MO., *Mch. 25, '03.*

M. P. WASHBURN, *Chairman, Louisville, Ky.:*

File B. See your rate advice 5793. Same does not provide for any advance to points in the Buffalo-Pittsburg zone. This is not in accordance with declaration filed by the Mobile and Ohio under date March eighteenth nor declaration filed by the L. & N. under date March thirteenth, as both our declaration and theirs provides that Buffalo-Pittsburg and points taking same rate will be made on lowest combination. Will you correct answer?

HAIDEN MILLER.

11.25 a.

MAR. 25TH, 1903.

G. W. CALE, *Chairman, St. Louis, Mo.:*

Your file eighty-one hundred. Do we correctly understand from correspondence that all west side interested lines will make necessary advance in lumber rates effective not later than April fifteenth?

M. P. WASHBURN. H–w

Half rate No. 1927.

DC 12443 L.

MARCH 25, 1903.

Mr. G. R. KNOX, *G. F. A., Nashville, Tenn.*
Mr. D. M. GOODWYN, *G. F. A., Louisville, Ky.*
Mr. E. K. VOORHEES, *A. G. F. A., Memphis, Tenn.*

GENTLEMEN: Referring to Mr. Knox's message of March 17th, file E; Mr. Voorhees' letter of March 14th, file C 14672; Mr. Goodwyn's letter of the 16th, file Fog–175099, which are in reply to my mailgram of the 10th instant, relative to advancing the rates on lumber and shingles from western Kentucky and Tennessee junction points to O. R. crossings.

My message should have requested if you are not willing to make the same advances to western Tennessee and Kentucky junctions as to O. R. crossings and north, being a stenographic error.

As the question of advancing pine-lumber rates to these points has now been settled, we will close the matter for the present.

Yours, truly,

I. C., D. C. H. *General Freight Agent.*

MAR. 25, 1903.

HAIDEN MILLER, *G. F. A., St. Louis, Mo.:*

Your wire date file B. Will correct our rate advice fifty-seven ninety-three providing for advance in rates to points in Buffalo-Pittsburg zone.

M. P. WASHBURN. H–w

Ans. to D–H No. 453–25.

[Telegram.]

ST. LOUIS, MO., *Mch. 26th, 1903.*

M. P. WASHBURN, *Chairman, Louisville, Ky.:*

File B. Your wire twenty-fifth. From whom did you understand that the effective date covering advance in rates on shingles was postponed same as on lumber? We have never withdrawn our declaration making the same effective March first, nor have we any advice that either L. and N. or Southern have. We object to your rate advice fifty-seven ninety-four postponing the date effective until April fifteenth. Will you withdraw the same? Answer.

HAIDEN MILLER.

2.10 p.

4892. MARCH 26, 1903.

Mr. D. M. GOODWYN, *G. F. A., Louisville, Ky.*
Mr. LEE MCCLUNG, *A. F. T. M., Louisville, Ky.*
Mr. C. C. CAMERON, *G. F. A., Louisville, Ky.*

GENTLEMEN: Advance in rates on shingles from Mobile, New Orleans, Placquemine, and other shingle-producing points to Ohio River crossings, etc.

Mr. Miller has objected to the effective date shown in our rate advice, No. 5794, covering advance in rates on shingles from Mobile, New Orleans, Placquemine, and other shingle-producing points to Ohio and Mississippi River crossings, etc. He gives it as his understanding that the advanced rates should have taken effect March 1st, 1903, regardless of the fact that the effective date covering advanced rates on lumber to the same points was suspended until April 15th, 1903.

I should like to have advice from each of you as to your understanding of the matter. Is it your understanding that the advanced rates on shingles from Mobile, New Orleans, Placquemine, and other shingle-producing points to Ohio River crossings should take effect March 1st, 1903, as originally contemplated, regardless of the fact that the advanced rates on lumber from and to the same points do not take effect until April 15th, 1903? Please advise.

Yours, truly,

R–w *Chairman.*

4892. MARCH 26, 1903.

Mr. HAIDEN MILLER, *G. F. A., St. Louis, Mo.*

DEAR SIR: Advance in rates on shingles from Mobile, New Orleans, Placquemine and other shingle-producing points to Ohio River crossings, etc.

Referring to your wire of this date, file B, would advise that we have no specific advice from any of the interested lines that the advanced rates on shingles from Mobile, Placquemine, and other shingle-producing points to Ohio River crossings, etc., would not take effect until April 15th, 1903. We simply reasoned this matter out by analogy. It was our understanding that the rates on shingles from Mobile, New Orleans, Placquemine and other shingle-producing points were advanced to take effect March 1st, 1903, by declarations of interested lines, wholly on account of the fact that is was the purpose of the same lines to advance the lumber rates correspondingly, effective the same date.

When it was decided, as result of conference at Atlanta, Ga., February 25th, to withdraw, temporarily, the announcement made relative to advance in the lumber rates we assumed that the interested lines would want to suspend their publications covering the advanced rates on shingles also. We are surprised to learn that you take a different view of the situation. As stated, we have no specific advice from any of the interested parties, but we will take the matter up at once and ascertain the views of the L. & N. R. R., Sou. Ry., and I. C. R. R. respecting this matter.

Yours, truly,

R-w *Chairman.*

[The Southeastern Freight Association, Office of the Chairman. S. F. Parrott, Chairman.]

ATLANTA, GA., *March 26th, 1903.*

File 34974.

Rates on lumber, carloads, to the West.

Mr. M. P. WASHBURN, *Chairman, Louisville, Ky.*

DEAR SIR: Your letter of March 20th, file.

There was no meeting held at the Piedmont Hotel January 24th and 25th to consider the advance in rates on lumber from southern and southwestern points to Ohio and Mississippi river crossings, etc. The matter was discussed informally at the Piedmont Hotel on February 24th and 25th, there being no roll call and no formal meeting. On February 25th, while all of the parties that had participated in the discussion were present, a joint telegram was dictated to Messrs. Cale, Washburn, Stith, Farrell, and Dodge, which constituted the record of the meeting. This was transmitted to all parties in interest in a mimeograph circular letter dated Atlanta, Ga., February 25th, 1903, your copy being sent to you at the Piedmont Hotel. We enclose an additional copy herewith, as information. Subsequently we advised all parties, when notice was received from a number of lines, that the advanced rates would be made effective April 15th. You will also note that the last official consideration of this question was as subject 393, at the third joint convention of the S. E. M. V. and S. E. F. associations.

Yours, truly,

S. F. PARROTT,
Chairman

Enclosure.
M

[The Southeastern Freight Association, Office of the Chairman; S. F. Parrott, chairman.]

ATLANTA, GA., *March 26th, 1903.*

File 34974.

Rates on yellow-pine lumber from the South to western points.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Your letter of March 23d, file 4892.

We are now endeavoring to secure separate written declarations from our members as to the basis for rates on lumber to western points. It is our understanding than the initial lines will cover the advance in their separate tariffs. We endeavored to publish a pine-lumber tariff to the West, and with that end in view all members filed their total rates with us, we consolidating the tariffs of all the individual lines into one tariff and publishing it. There were so many discrepancies of various kinds in the consolidated tariff when issued that we canceled it. We were also confronted with the fact that only total rates had been furnished us, some of the total rates being higher than actual combination, and some lower; and in the cases of some of the short lumber-producing lines, such, say, as the Tifton & Northeastern Railroad, we found the different connections carried different rates from the same points of origin to the same points of destination. We will, as soon as we receive declarations, issue a tariff, and in the meantime, as above stated, we understand the initial lines will take care of the advance, effective April 15th.

Yours, truly,

M S. F. PARROTT, *Chairman.*

[Docket Advice No. 6139.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., March 27, 1903.

File No. 4892.

Rates on yellow-pine lumber from the South to Ohio and Mississippi River crossings and beyond.

The above subject was added by unanimous consent at the 37th meeting of the association, as subject No. 6139.

It was also listed for consideration and exchange of views at the Third Joint Convention of the S. E. M. V.–S. E. F. associations as subject No. 393.

For record covering recommendations submitted, see proceedings of meeting.

Issued to complete record.

Rb. M. P. WASHBURN, *Chairman.*

[General Letter No. 1579.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., March 27, 1903.

File No. 4892.

Proposed advance in rates on yellow pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the southeast, to all Ohio and Mississippi River crossings between Memphis, St. Louis, and Cincinnati, including those points; also Nashville, West Nashville, and interior junction points in Kentucky and Tennessee.

Please refer to general letter No. 1576 and be advised of receipt of the following communications from the chairman of the Southwestern Tariff Committee:

1st. Letter dated March 23d, 1903:

"Again referring to your telegram of the 17th inst. relative to advance in lumber rates:

"'I have nothing further to offer than indicated in my telegram of the 21st inst., reading as follows:

"Information received indicates that some of the lines will make advances on lumber effective April first, others April 15th. Will advise soon as all lines are heard from.'

"It would appear that April 15th will be the latest date on which advance in lumber rates can be made effective. Some of the lines will endeavor to make their rates effective April 1st."

2nd. Telegram dated March 25th, 1903:

"So far as heard from, indications are that advance in lumber rates will be made effective not later than April 15th, via all lines."

Refering to the chairman's rate advice No. 5793, which is referred to in general letter No. 1576, a member called attention to the fact that no provision was made therein for an advance of 2 cents per 100 lbs. in the rates to Buffalo-Pittsburg territory. The chairman has, therefore, reissued his rate advice to include the advance recommended at the 37th meeting of the association to Buffalo-Pittsburg zone. (See Rate Advice No. 5798.)

Rb. M. P. WASHBURN, *Chairman.*

MAR. 28, 1903.

G. W. CALE, *Chairman, St. Louis, Mo.:*

Your wire twenty-fifth, file eighty-one hundred. Do you understand all your lines will advance rates on yellow-pine lumber two cents per hundred pounds to Memphis as well as to St. Louis and Ohio River crossings? Answer quick.

M. P. WASHBURN.

Half rate No. 1927. R-w

[Nashville, Chattanooga & St. Louis Railway. Geo. R. Knox, genl. freight agent; Charles Barham asst. genl. freight agent.]

NASHVILLE, TENN., *March 30th, 1903.*

In replying please refer to 4169–S.

Rate adjustment: Rates on yellow-pine lumber, southeastern points to Ohio River crossings, etc.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Herewith amendment to this company's declaration of March 7th, 1903, as above.

Yours, truly,

GEO. R. KNOX,
General Freight Agent.
E. T. Z.

[Southern Railway Company, office of assistant freight traffic manager, T. C. Powell, freight traffic manager, Washington, D. C.; Lee McClung, assistant freight traffic manager.]

LOUISVILLE, KY., *March 30, 1903.*

Refer to file 2578–B

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Rate adjustment: Rates on shingles from Mobile to Ohio River crossings and beyond.

Your letter of the 26th, file 4892.

I beg to say that we wired Mr. Miller on March 2nd as follows:

"Your file C, wire 28th, delayed account absence. Am willing to make operative advance in shingle rates Mobile to Ohio River and beyond regardless of lumber situation."

This was in answer to wire from his dated February 28th, reading as follows:

"File C. Wire to-day if it is your intention to enforce the advanced rates on shingles from Mobile effective March 1st. We see no reason for extending the date on account of the lumber situation."

Yours, truly,

LEE MCCLUNG, *A. F. T. M.*

P/31 S

(Copy.)

MARCH 30th, 1903

Rates on yellow pine lumber from southeastern points to Ohio River crossings, etc.

Amending its declaration of March 7th, 1903, the Nashville, Chattanooga & St. Louis Rwy. declares its purpose of operating rates on yellow pine lumber from producing points in Alabama, Georgia, and Florida to Nashville and Memphis, Tenn., and also to junction points in Kentucky and West Tennessee made two (2) cents per hundred pounds higher than the present rates, effective April 15th, 1903, but not to exceed continuous local of any line.

Rates to points north of the Ohio River and east of the Mississippi River and west of the western termini of trunk lines will be made on basis of lowest combination.

Effective same date rates on yellow pine lumber to points in the so-called Buffalo-Pittsburgh zone from points in Alabama, Georgia, and Florida will be advanced two (2) cents per hundred pounds.

This announcement is intended to include rates from Attalla, Gadsden, and Alabama City, as well as from producing points in Alabama, Georgia, and Florida located beyond the rails of the Nashville, Chattanooga & St. Louis Rwy. in which this line may have interest, as a connecting line.

GEO. R. KNOX,
General Freight Agent.
G. T. G.

[Mobile & Ohio Railroad Co. General freight department, Haiden Miller, general freight agent; J. M. Denyven, assistant general freight agent.]

ST. LOUIS, MO., *March 30, 1903.*

In replying please refer to file No. 38477–B

Mr. M. P. WASHBURN,
Chairman, S. E. M. V. Assn., Louisville, Ky.

DEAR SIR: Advance in rates on shingles from Mobile, New Orleans, Placquemine, and other shingle producing points to Ohio River crossings, etc.

We have yours of the 26th inst., file No. 4892.

Under date of Feb. 10th you issued your rate advice No. 5625 stating that interested individual lines had announced their purpose to advance the rate on shingles from Mobile and New Orleans 2 cents per 100 lbs. to Ohio River crossings, etc.

No declarations, so far as I am aware, have been filed by any of the interested lines, and certainly none so far as we are concerned, modifying the information contained in your rate advice No. 5625. Your analogous reasoning in this case does not fit for the reason that the question of rates on shingles was handled as a separate proposition from the lumber rates, although they happened to be considered at the same conference. While the L. & N. R. R. did not get their rates issued in time to make them effective prior to March 10th, we ignored this difference in the dates.

We therefore request that your rate advice No. 5794, advising that the rates on shingles will not be advanced until April 15th be withdrawn, as it is not in accordance with the declaration of the Mobile & Ohio R. R., nor with what we understand to be the declarations of the other initial lines.

We have a telegram from Mr. Goodwyn, dated March 14th, that his rates were advanced on March 10th. We have advice from Mr. McClung under date of March 2nd stating that he would advance the rates on shingles from Mobile regardless of the lumber situation, and we therefore ask that this rate advice be corrected.

Yours, truly,

HAIDEN MILLER, *G. F. A.*

[Telegram.]

ST. LOUIS, MO., *Mar. 30–3.*

M. P. WASHBURN,
Chairman Southeastern Miss. Valley Assn., Louisville, Ky.

I have received some tariffs applying on lumber effective April first which also advance rates two cents per hundred to Memphis from Louisiana, Arkansas, and Texas points. I presume it is intention of all lines to do this.

G. W. CALE.

Southeastern Mississippi Valley Association. Offices, Columbia Building. Louisville & Nashville R. R.; Mobile & Ohio R. R.; Nash., Chat. & St. Louis R'y; N. O. & Northeastern R. R.; Southern Railway; Yazoo & Miss. Valley R. R.; Alabama Great Southern R. R.; Alabama & Vicksburg R'y; Cin., N. O. & Tex. Pac. R'y; Illinois Central R. R.; Illinois Central R. R. (Lou. Div.); Kan. City, Mem. & Birm. R. R. M. P. Washburn, chairman.]

LOUISVILLE, KY., *March 31, 1903.*

In your reply refer to file 4892.

Mr. C. C. CAMERON,
G. F. A., Louisville, Ky.

DEAR SIR: Proposed advance in rates on yellow-pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast, to all Ohio River crossings between Memphis, St. Louis, and Cincinnati, including those points; also Nashville, West Nashville, and interior junction points in Kentucky and Tennessee.

Your files 12443 and B–2.

In accordance with verbal request received from your Mr. Hatterdorf to-day, I beg to quote wire received from Mr. G. W. Cale, relative to advance by Texas lines in rates on yellow-pine lumber from Texas producing points to Memphis, Tenn.:

"I have received some tariffs applying on lumber effective April first, which also advance rates two cents per hundred to Memphis from Louisiana, Arkansas, and Texas points. I presume it is intention of all lines to do this." Signed, G. W. Cale.

For your information will say that I will pursue this matter further with Chairman Cale and endeavor to ascertain if the advance will be uniform via all Louisiana, Arkansas, and Texas lines.

Yours, truly,

M. P. WASHBURN,
Chairman.

Rf

ILLINOIS CENTRAL RAILROAD COMPANY,
OFFICE OF GENERAL FREIGHT AGENT,
Louisville, March 31st, 1903.

In replying, please refer to file H. 12432 A.

Advance in rates on shingles from Mobile and New Orleans, etc., to Ohio River crossings, etc.

Mr. M. P. WASHBURN,
Chairman S. E. M. V. Asso'n, Louisville.

DEAR SIR: Replying to your letter of the 26th, file 4892:

Our understanding of this matter is the same as Mr. Miller's, and that is, the rates should have been made effective on March 1st, 1903.

Our tariffs were issued on that date, and we made no change on account of the change in the effective date of the advance in rates on yellow-pine lumber.

Yours, truly,

C. C. CAMERON,
General Freight Agent.

I. C.–JH. Middleton.

Copy to D. M. G., L. McC., H. M.

4892 MARCH 31, 1903.

Mr. G. W. CALE,
Chairman, St. Louis. Mo.

DEAR SIR: Proposed advance in rates on yellow-pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkan-

sas, Mississippi, Alabama, and the Southeast, to all Ohio River crossings between Memphis, St. Louis, and Cincinnati, including those points; also Nashville, West Nashville, and interior junction points in Kentucky and Tennessee.

Referring to your wire of the 30th, your file 8100, wherein you state you have received some tariffs applying on lumber effective April 1st, which also advances rates two cents per 100 lbs. to Memphis from Louisiana, Arkansas, and Texas points, will you be good enough to canvass this matter at once with all your lines and advise if a similar advance will be made by all Texas, Arkansas, and Louisiana lines. Some of our members are extremely anxious to obtain this information in order that they may take suitable action with reference to rates from their stations to Memphis, Tenn.

We will therefore appreciate prompt advice.

Yours, truly,

Rf *Chairman.*

4892 MARCH 31, 1903.

Mr. C. C. CAMERON,
G. F. A., Louisville, Ky.

DEAR SIR: Proposed advance in rates on yellow-pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Misssisippi, Alabama, and the Southeast, to all Ohio River crossings between Memphis, St. Louis, and Cincinnati, including those points; also Nashville, West Nashville, and interior junction points in Kentucky and Tennessee.

Your files 12443 and B-2.

In accordance with verbal request received from your Mr. Hatterdorf to-day, I beg to quote wire received from Mr. G. W. Cale, relative to advance by Texas lines in rates on yellow-pine lumber from Texas producing points to Memphis, Tenn.:

"I have received some tariffs applying on lumber effective April first, which also advance rates two cents per hundred to Memphis from Louisiana, Arkansas, and Texas points. I presume it is intention of all lines to do this." Signed, G. W. Cale.

For your information will say that I will pursue this matter further with Chairman Cale and endeavor to ascertain if the advance will be uniform via all Louisiana, Arkansas, and Texas lines.

Yours, truly,

Rf *Chairman.*

[Southwestern Tariff Committee. Office of chairman, Fullerton Building. Geo. W. Cale, chairman.]

File 8100. ST. LOUIS, MO., *March 31st, 1903.*

Advance in rates on lumber.

To members:

For the information of members, I quote below an extract from Chairman Washburn's letter to members of his association, dated 25th inst., file S-6139:

"Interested lines in S. E. M. V. Association territory have individually declared that, effective April 15th, 1903, an advance of two cents per 100 lbs. will be made in the rates on yellow-pine lumber, carloads, from producing points in Mississippi, Louisiana, and the

southeast on their respective lines to St. Louis, East St. Louis, and all Mississippi River crossings between Memphis and St. Louis, and all Ohio River crossings, Cairo to Cincinnati, both inclusive.

"Further, that the rates on pine lumber to all points north of the Ohio River and east of the Mississippi River and west of the western termini of the trunk lines will be made on lowest combination.

"Further, that a corresponding advance of two cents per 100 lbs. will be made in the rates to Nashville, Tenn., Memphis, Tenn., and to West Tennessee and Kentucky junction points, provided not in excess of the continuous local scale of any line.

"Further, that an advance of two cents per 100 lbs. will be made in the rates to Chattanooga, Tenn., provided it does not exceed the continuous local scale of any line.

"Further, that an advance of two cents per 100 lbs. will be made in the rates on yellow-pine lumber, C. L., from points in Mississippi, Alabama, and the southeast to Buffalo-Pittsburg zone."

Chairman understands that advance will be made in rates from Texas points; also from Arkansas and Louisiana points to all points indicated in Mr. Washburn's advice.

Yours, truly,

W–1. *Chairman.*
3.

[General letter No. 1583.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
File No. 4892. *Louisville, Ky., April 1, 1903.*

To members:

Advance in rates on shingles from Mobile, Ala., New Orleans, La., Plaquemine, La., and other shingle-producing points in the South to Ohio River crossings, St. Louis and points basing thereon.

Please refer to rate advice No. 5794, which provides for an advance of 2 cents per 100 lbs., effective April 15th, 1903, in the rates on shingles from Mobile and New Orleans to Ohio River crossings, St. Louis and points basing thereon.

This publication indicates that it supersedes rate advice No. 5626, and that it was issued for the purpose of changing the effective date from March 1st, 1903, to April 15th, 1903.

Interested lines have individually filed protest against the change in the effective date.

At the time rate advice No. 5794 was published the chairman's office understood that the advance in the rates on shingles was predicated on the advance in the rates on yellow-pine lumber.

The general freight agents of the Mobile & Ohio Railroad and Illinois Central Railroad and the assistant freight traffic manager of the Southern Railway have since advised the chairman that they desired the effective date to be changed to March 1st, 1903, in accordance with their declarations.

Accordingly, the chairman will withdraw rate advice No. 5794 and will restore the conditions brought about by the publication of rate advice No. 5625.

M. P. WASHBURN,
R–w. *Chairman.*

[Rate advice No. 5825.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,

File No. S–6139. *Louisville, Ky., April 1, 1903.*

Taking effect March 1st, 1903. Rates on shingles from Mobile, Ala., New Orleans, La., and other shingle-producing points in the south to Ohio River crossings, St. Louis, and points basing thereon.

Interested lines have individually declared their purpose, effective March 1st, 1903, to advance the rates on shingles from Mobile and New Orleans to Ohio River crossings, St. Louis and points basing thereon, 2 cents per 100 lbs., provided no lower totals than those so made from Mobile and New Orleans are applied from Plaquemine and other shingle-producing points adjusted with relation thereto.

Issued in accordance with general letter No. 1583 and with individual declarations of members filed with the chairman.

Supersedes rate advice No. 5794.

M. P. WASHBURN,
Chairman.

R–w.

[The Southeastern Freight Association, office of the chairman. S. F. Parrott, chairman.]

File 34974. ATLANTA, GA., *April 1st, 1903.*

Rates on yellow-pine lumber from the South to western points.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Your letter of March 27th, file 4892.

We answered your letter of March 23d under date of March 26th. As we have previously explained, the advance in rates will be made by the initial lines, we not at the present time having any pine lumber tariff in effect. We are endeavoring to secure separate written declarations from the lumber originating lines, and as soon as such declarations are secured we will endeavor to compile a complete lumber tariff from this territory.

Yours, truly,
S. F. PARROTT,
Chairman.

M.

[Southwestern Tariff Committee. Office of chairman, Fullerton Building. Geo. W. Cale, chairman.]

Please refer to file 8100. ST. LOUIS, MO., *April 2nd, 1903.*

Rates on lumber.

Mr. M. P. WASHBURN,
Chairman S. E. M. V. Ass'n., Louisville, Ky.

DEAR SIR: Referring to yours of the 31st ult., file 4892.

I attach hereto copy of my letter to members, dated 31st. I think this letter, with the chairman's understanding named in the last paragraph, will be the cause for general advance of 2 cents to all points indicated in the letter. If any line desires to depart therefrom, think there is no doubt that chairman will be notified thereof immediately, and if advice is received to this effect, you will certainly be advised immediately on receipt of same.

Yours, truly,
G. W. CALE, *Chairman.*

W–1.

(Encl. 1.)

[Telegram.]

ATLANTA, GA., *Apl. 2, 1903.*

M. P. WASHBURN, *Louisville, Ky.:*

Southern Railway has communication from committee Georgia Sawmill Association, requesting further hearing on lumber rates before advanced rates become effective, claiming at conference Feby. twenty-fourth, in Atlanta, transportation lines were not represented by officials charged with adjustment of rates. Southern Railway suggests matter be further discussed with lumbermen at Memphis on April seventh. Can you be present or represented? Joint, Niel, Estes, Cutler, Emerson, Capps, Jackson, Knox, Biles, Miller, Goodwyn, Cameron, Steele, Sevier, Washburn.

S. F. PARROTT.

12.06 p. m.

[Telegram.]

ST. LOUIS, MO., *Apl. 2, 1903.*

M. P. WASHBURN, *Lou., Ky.:*

File A. Your message date reference to communication from committee Georgia Sawmill Assn. questioning further hearing in the matter of advance in lumber rates proposed April 15th. If the request of the Georgia Sawmill Assn. is based solely on the idea that the recent conference in Atlanta was not composed of traffic officials in charge of the adjustment of rates, then it occurs to me that further conference is unnecessary, as it is a well-known fact that the representatives of lines present at the conference were duly authorized to act on the rate proposition. Therefore don't see necessity for further conference; if, however, consensus of opinion is in favor of further conference at Memphis on April 7th, we will arrange to be represented. Advise if meeting is definitely called. Joint, Niel, Estes, Cutler, Emerson, Capps, Jackson, Knox, Biles, Goodwyn, Cameron, Steele, Sevier, Washburn.

HAIDEN MILLER.

5.50 p. m.

[Telegram.]

MACON, GA., *Apl. 2–3.*

M. P. WASHBURN, *Lou., Ky.:*

If meeting at Memphis on the seventh is called for further hearing on lumber rates this company will be represented. Please advise whether or not meeting will be held. Original, Parrott; copy, Niel, Estes, Emerson, Capps, Jackson, Knox, Biles, Miller, Goodwyn, Cameron, Steele, Sevier, Washburn.

J. M. CUTLER.

8.40 p. m.

[Telegram.]

NEW ORLEANS, LA., *Apl 3.*

M. P. WASHBURN, *Louisville, Ky.:*

Your wire second. Important matter to be considered by Mississippi railroad commission at Jackson, Miss., on that date will prevent our line from being represented at lumber meeting called for Memphis on the seventh. Original, Parrott; copy to lines named in telegram.

T. F. STEELE.

[Telegram.]

ATLANTA, GA., *Apl. 4, 1903.*

M. P. WASHBURN, *Louis.:*

My message second regarding communication Ga. Sawmill Assn., requesting further hearing lumber rates Memphis, April seventh. Meeting will not be held. Joint, Niel, Knox, Miller, Capps, Cameron, Sevier, Estes, Biles, Goodwyn, Emerson, Jackson, Steele, Washburn.

4.56 p. m. S. F. PARROTT.

[General letter No. 1589.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,

File No. 4892. *Louisville, Ky., April 4, 1903.*

To members:

Proposed advance in rates on yellow pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Ohio and Mississippi River crossings between Memphis, St. Louis, and Cincinnati, including those points; also Nashville, West Nashville, and interior junction points in Kentucky and Tennessee.

Please refer to general letters Nos. 1576 and 1579.

In response to our inquiry as to whether all lines in Texas, Arkansas, and Louisiana will advance rates on yellow pine lumber, effective April 1st or April 15th, 1903, to the extent of 2 cents per 100 lbs. to Memphis, Tenn., Chairman Cale encloses a copy of a mimeograph notice issued by his office under date of March 31st, 1903, which is addressed to the members of the Southwestern Tariff Committee. This mimeograph embodies all except the last paragraph of S. E. M. V. Association's rate advice No. 5798. In conclusion Chairman Cale addresses his members as follows:

"Chairman understands that advance will be made in rates from Texas points, also from Arkansas and Louisiana points, to all points indicated in Chairman Washburn's advice."

Referring to this mimeograph, Chairman Cale has written us as follows:

"Referring to yours of the 31st ult., file 4892.

"I attached hereto copy of my letter to members, dated 31st. I think this letter, with the chairman's understanding named in the last paragraph, will be the cause for general advance of two cents to all points indicated in the letter. If any line desires to depart therefrom, think there is no doubt that chairman will be notified thereof immediately, and if advice is received to this effect you will certainly be advised immediately on receipt of same."

M. P. WASHBURN, *Chairman.*

Rf.

[Louisville & Nashville Railroad Company, office of the general freight agent: D. M. Goodwyn, Genl. Freight Agent; C. R. Brent, Asst. Genl. Freight Agent; C. D. Boyd, Asst. Genl. Freight Agent.]

LOUISVILLE, KY., *April 7th, 1903.*

Important, in your reply refer to 257972–Fig.

Mr. M. P. WASHBURN,
Chairman, S. E. M. V. Asso., Louisville, Ky.

DEAR SIR: Advance in rates on shingles from Mobile, New Orleans, Plaquemine, and other shingle-producing points to Ohio River crossings, etc.

Replying to yours of March 26th, file 4892, on the above subject.

It is my understanding that the advanced rates should have taken effect on March 1st, 1903, regardless of the fact that the effective date covering the advanced rates on lumber to the same points was suspended until April 15th, 1903. However, as a matter of fact, we did not make the advanced rates effective until March 10th, through an error of one of our clerks.

Yours, truly,

D. M. GOODWYN, *G. F. A.*

Copies to Mr. Lee McClung, A. F. T. M., Louisville, Ky.; Mr. C. C. Cameron, G. F. A., Louisville, Ky.

[Telegram.]

NASHVILLE, TENN., *Apl. 16th, 1903.*

M. P. WASHBURN, *Louisville, Ky.*

We have not as yet been favored with a transcript of the injunction promulgated by Judge Speer prohibiting the interested carriers from putting in effect certain advance in rates on yellow-pine lumber effective April fifteenth, but inasmuch as practically all of our connections that originate this commodity have announced suspension of the advanced rates, this company has notified Interstate Commerce Commission that it indefinitely postpones the effective date of all of said advanced rates and that the rates in effect on April fourteenth will be continued until further notice.

H. F. SMITH.

11.34 a.m.

[General letter No. 1610.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
File No. 4892. *Louisville, Ky., April 16, 1903.*

To members:

Proposed advance in rates on yellow pine lumber, laths, and shingles from producing points in Texas, Louisiana, Arkansas, Mississippi, Alabama, and the Southeast to all Ohio and Mississippi River crossings between Memphis, St. Louis, and Cincinnati, including those points; also Nashville, West Nashville, and interior junction points in Kentucky and Tennessee.

Please refer to general letters Nos. 1576, 1579, and 1589 and as information be advised of receipt of the following wire from the traffic manager of the Nashville, Chattanooga & St. Louis Railway:

"We have not as yet been favored with a transcript of the injunction promulgated by Judge Speer prohibiting the interested carriers from putting in effect certain advance in rates on yellow pine lumber, effective April fifteenth, but inasmuch as practically all of our connections that originate this commodity have announced suspension of the advanced rates, this company has notified Interstate Commerce Commission that it indefinitely postpones the effective date of all of said advanced rates and that the rates in effect on April fourteenth will be continued until further notice."

M. P. WASHBURN, *Chairman.*

R–w.

(Copy.)

ANY,

SOUTHERN RAILWAY COMPA 27, 1903.
Louisville, Ky., April 2

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

ıe southern

DEAR SIR: Rate adjustment: Rates on lumber from th to publish,
pine district to local stations on the L., H. & St. L. Ry.
Please be advised of the intention of the Southern Ry. cing points
effective May 15th, rates on yellow pine lumber from produc he L., H. &
on its line in Alabama, Georgia, etc., to local stations on t Louisville,
St. L. Ry. on basis of lowest combination, employing oints; and
Owensboro, Henderson, and West Point, Ky., as base p points on
also that we will protect a similar basis on shipments from
connecting lines.
Yours, truly,

F. T. M.

LEE MCCLUNG, *A. F*

(Copy.)

ANY,

THE PENNSYLVANIA RAILROAD COMPA 8th, 1903.
Philadelphia, Penna., April 28

54579–D–11, Desk K.

Richmond,

Mr. W. H. FITZGERALD, *Com. Associated Rys. V. & C., tlanta, Ga.;*
Va.; Mr. S. F. PARROTT, *Chairman, S. E. F. A., At isville, Ky.;*
Mr. M. P. WASHBURN, *Chairman, S. E. M. V. A., Loui* Mr. E. A.
Mr. C. R. CAPPS, *G. F. A., S. A. L., Portsmouth, Va.;* D, *G. F. A.,*
NIEL, *G. F. A., So. Ry., Atlanta, Ga.;* Mr. R. A. BRANI E. A., *Des-*
A. C. L., Wilmington, N. C.; Mr. F. W. PARSONS, *G.*
patch Lines, Baltimore, Md.

to advance

GENTLEMEN: You will please be advised of our intention f the Balti-
the specific proportions on lumber to points on the line of, inclusive,
more & Potomac R. R., Benning, D. C., to Baltimore, Creek Line
including points on the Catonsville Short Line and Popes
to the following basis:

ıts per hun-

North of Alexandria, 4 cents; north of Richmond, 7 cen
dred pounds.

figures:

To points on the Sparrows Point R. R. to the following ½ cents per
North of Alexandria, 4½ cents; north of Richmond, 7½
hundred pounds.

operly cov-

These figures to become effective June 1st and will be pr
ered by corrections to southern arbitrary basis 10.
Yours, truly,

G. F. A.

GEO. D. DIXON, *A.*

[Southeastern Mississippi Valley Association. Offices: United States Trust Building. Louisville & Nashville R. R., Mobile & Ohio R. R., Nash., Chat. & St. Louis Ry., N. O. & Northeastern R. R., Southern Railway, Yazoo & Miss. Valley R. R., Alabama Great Southern R. R., Alabama & Vicksburg Ry., Cin., N. O. & Tex. Pac. Ry., Illinois Central R. R., Illinois Central R. R. (Lou. Div.) Kan. City, Mem. & Birm. R. R. M. P. Washburn, chairman.]

LOUISVILLE, KY., *May 5, 1903.*

In your reply refer to file 4892.

Mr. L. SEVIER, *G. F. A., Birmingham, Ala.;* Mr. T. F. STEELE, *G. F. A., New Orleans, La.;* Mr. G. P. BILES, *G. F. A., Cincinnati, Ohio;* Mr. C. C. CAMERON, *G. F. A., Louisville, Ky.;* Mr. W. M. RHETT, *G. F. A., New Orleans, La.;* Mr. A. S. DODGE, *F. T. M., St. Louis, Mo.;* Mr. E. K. VOORHEES, *A. G. F. A., Memphis, Tenn.;* Mr. D. M. GOODWYN, *G. F. A., Louisville, Ky.;* Mr. HAIDEN MILLER, *G. F. A., St. Louis, Mo.;* Mr. G. R. KNOX, *G. F. A., Nashville, Tenn.;* Mr. LEE MCCLUNG, *A. F. T. M., Louisville, Ky.;* Mr. E. A. NIEL, *G. F. A., Atlanta, Ga.*

GENTLEMEN: Specific proportions on lumber from Virginia gateways to points on the line of the Baltimore and Potomac R. R.

As information, please be advised of receipt of the following communication from Mr. G. D. Dixon, assistant general freight agent of the Pennsylvania Railroad Company:

"You will please be advised of our intention to advance the specific proportions on lumber to points on the line of the Baltimore and Potomac R. R., Benning, D. C., to Baltimore, inclusive, including points on the Catonsville Short Line and Popes Creek Line, to the following basis:

"North of Alexandria, 4 cents; north of Richmond, 7 cents per 100 lbs.

"To points on the Sparrows Point R. R. to the following figures:

"North of Alexandria, 4½ cents; north of Richmond, 7½ cents per 100 lbs.

"These figures to become effective June 1st and will be properly covered by correction to southern arbitrary basis 10."

Yours, truly,

R–w. *Chairman.*

[General letter No. 1644.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
File No. 4892. *Louisville, Ky., May 5, 1903.*

To members:

Rates on lumber from southern pine district to local stations on the L., H. & St. L. Ry.

As information, please be advised of receipt of the following communication from the asst. freight traffic manager of the Southern Railway (his file 12402–B):

"Please be advised of the intention of the Southern Ry. to publish, effective May 15th, rates on yellow-pine lumber from producing points on its line in Alabama, Georgia, etc., to local stations on the L., H. & St. L. Ry. on basis of lowest combination, employing Louisville, Owensboro, Henderson, and West Point, Ky., as base points; and also that we will protect a similar basis on shipments from points on connecting lines."

Members desiring to make similar announcements are respectfully requested to notify the chairman as early as practicable.

M. P. WASHBURN, *Chairman.*

Rf.

(Copy.)

ILLINOIS CENTRAL RAILROAD COMPANY,
Louisville, May 8th, 1903.

Rates on lumber from southern pine district to local stations on the L. H. & St. L.

Mr. M. P. WASHBURN,
Chairman, Louisville.

DEAR SIR: Referring to general letter 1644, applicable as above.

On account of recent restraining order issued by Federal courts it is not our intention to make any changes in our rates from Mississippi points at present.

We have, however, in mind making the same announcement as the Southern Ry., but will not do so for the present for reasons above mentioned.

Yours, truly,

C. C. CAMERON,
General Freight Agent.
Durett.

[Telegram.]

NEW ORLEANS, LA., *May 11th, 1903.*

C. C. CAMERON,
Jackson, Miss.:

Yours date we telegraphed Mr. Brown, of Arkansas Southern, on the ninth, that regardless of action of Iron Mountain Railway we would not reduce rates effective April fifteenth until such time as United States court issued final injunction against roads east of Mississippi River necessitating reduction, and that we would not participate in lower through rates from stations on other roads, urging him not to reduce the rates from his stations until final court decision, and asking him not to send shipments via our line at lower rates than effective April fifteenth until further advised.

T. F. STEELE.

4.03 p. m.

[Telegram.]

Western Union, 10567.

JACKSON, MISS., *May 11, 1903.*

T. F. STEELE, *New Orleans, La.:*

Have wired H. C. Brown, Arkansas Southern Ry., as follows: Quote: "Referring to your wire asking whether it will be satisfactory for you to reduce your rates on pine lumber in connection with our road account reduction made by Iron Mountain effective May eleventh. Suggest you continue advanced rates which became operative April fifteenth. We can not reduce our proportions at this time." Sig. Hope you will give similar advice for your road. Answer Louisville.

C. C. CAMERON.

(Copy.)

NASHVILLE, CHATTANOOGA & ST. LOUIS RAILWAY,
NASHVILLE, TENN., *May 11th, 1903.*

Rate adjustment: Rates on lumber from southern pine district to local stations on the N. C. & St. L. Rwy.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: I have taken notice of your general letter 1644. It is my understanding that the basis announced by the So. Rwy. is in conformity to the customary method of constructing rates on pine lumber from southeastern territory to stations on lines similarly located to the L. H. & St. L. Rwy. It will not, therefore, be necessary for us to make any special announcement.

Yours, truly,

G. R. KNOX,
General Freight Agent.

(Copy.)

SOUTHERN RAILWAY COMPANY,
Louisville, Ky., May 13, 1903.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Rate adjustment: Rates on lumber from southern pine districts to local stations on the L. H. & St. L. R. R.

Your general letter No. 1644, of May 5th.

Since this matter came up an injunction has been granted by the United States court against Mississippi initial lines restraining them from making advances from points in Mississippi, and as our notice is also inoperative so far as Georgia is concerned (wherever it may make advances) we will have to suspend our announcement until further notice.

Yours, truly, LEE MCCLUNG, *A. F. T. M.*
S.

[General letter No. 1636.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., May 15, 1903.

File No. 4892.

To Members:

Rates on lumber from southern pine district to local stations on the L. H. & St. L. Ry.

Please refer to general letter No. 1644, subject as above, dated May 5th, and in connection therewith be advised of receipt of the following from the assistant freight traffic manager of the Southern Railway:

"Your general letter No. 1644 of May 5th.

"Since this matter came up an injunction has been granted by the United States court against Mississippi initial lines, restraining them from making advances from points in Mississippi, and as our notice is also inoperative so far as Georgia is concerned (wherever

it may make advances) we will have to suspend our announcement until further notice."

H. P. WASHBURN, *Chairman.*

R-w

[Mobile & Ohio Railroad Co., general freight department. Haiden Miller, general freight agent; J. M. DeGyven, assistant general freight agent.]

ST. LOUIS, MO., *June 15, 1903.*

In replying please refer to file No. 82042–B.

Mr. C. C. CAMERON,
G. F. A., Louisville, Ky.

DEAR SIR: (Rate on pine lumber to Mt. Vernon, Ills.)

Referring to yours of the 10th inst. File H–12443.

We have established proportional rate of 4c. per 100 lbs. from Cairo to Mt. Vernon, Ills., on lumber from points south of the Ohio and east of the Mississippi River.

At a conference held in St. Louis the latter part of January with respect to advancing the rates on pine lumber, it was decided that this proportional rate would be established. I therefore supposed that you had full advice concerning the same.

Yours, truly,

HAIDEN MILLER, *G. F. A.*

ST. LOUIS, MO., *June 25, 1903.*

In replying please refer to file No. 82915–D.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: (Rate on shingles from Mobile to Memphis.)

See your rate advice 5825, and kindly advise if you understand this will advance rate on shingles from Mobile to Memphis, Tenn., to 12 cts. per cwt. A prompt reply will be appreciated.

Yours, truly,

HAIDEN MILLER, *S. G. F. A.*

S/25

(Copy.)

SOUTHERN RAILWAY COMPANY,
Louisville, Ky., June 26, 1903.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Rate adjustment: Rates on lumber from southern pine districts to local stations on the L. H. & St. L. Ry.

Your file 4892. Please see your general letters 1644 and 1656.

We will make operative the basis of lowest combination on lumber from the southern pine districts to local stations on the L. H. & St. L. Ry., effective July 15, which will give, I believe, ample time to our connections originating lumber to make proper revision in their tariffs.

I will say for your information that the arbitrary exacted by the L. H. & St. L. from Henderson, Owensboro, West Point, and Louisville is 7 cents per 100 lbs. to all local stations.

Please extend advice of this announcement to all lines in S. E. M. V. A. and southeastern territories.

Yours, truly,

LEE MCCLUNG, *A. F. T. M.*

S.

4892.

JUNE 29TH, 1903.

Mr. HAIDEN MILLER,
G. F. A., St. Louis, Mo.

DEAR SIR: Rates on shingles from Mobile to Memphis.

Your file 82915–D. Answering yours of the 25th inst., would advise that while it may have been the intention of members filing declarations with this office relative to advance in the rates on shingles from Mobile to New Orleans, Plaquemine, and other shingle-producing districts to advance the rates to Memphis, Tenn., corresponding to the advance to Ohio River crossings; nevertheless, the declarations as filed do not clearly provide for any advance in the rate to Memphis, Tenn.

Yours, truly,

Rb. *Chairman.*

[General letter No. 1698.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., June 29, 1903.

File No. 4892.

To members:

Rates on lumber from southern pine districts to local stations on the L. H. & St. L. Rwy.

Refer to general letters Nos. 1644 and 1656 and be advised of receipt of the following from the assistant freight traffic manager of the Southern Railway:

"We will make operative the basis of lowest combination on lumber from the southern pine districts to local stations on the L. H. & St. L. Ry., effective July 15th, which will give, I believe, ample time to our connections originating lumber to make proper revision in their tariffs.

"I will say for your information that the arbitrary exacted by the L. H. & St. L. from Henderson, Owensboro, West Point, and Louisville is 7 cents per 100 lbs. to all local stations.

"Please extend advice of this announcement to all lines in S. E. M. V. A. and southeastern territories."

Other members who propose to operate similar basis from points on their respective lines to local stations on the L. H. & St. L. Rwy. are respectfully requested to file their individual written declarations with the undersigned.

M. P. WASHBURN, *Chairman.*

Rb.

(Copy.)

ILLINOIS CENTRAL RAILROAD COMPANY.
Louisville, June 29, 1903.

Mr. M. P. WASHBURN,
Chairman, Louisville, Ky.

DEAR SIR: Please be advised of the intention of the Ill. Cent. R. R. and the Y. & M. V. R. R. to operate, effective July 15th, rates on yellow-pine lumber from producing points on these lines to local stations on the L. H. & St. L. Ry., on basis of lowest combination, and also we will protect similar basis on shipments coming from points on connecting lines.

Yours, truly,
C. C. CAMERON,
General Freight Agent.

I. C., J. T. G. Green.

[Louisville & Nashville Railroad Company. Office of the general freight agent. D. M. Goodwyn gen'l freight agent; C. R. Brent, asst. gen'l freight agent; C. D. Boyd, asst. gen'l freight agent.]

LOUISVILLE, KY., *June 29, 03.*

Important. In your reply refer to 259633 Fig.

Mr. LEE MCCLUNG,
Assistant Freight Traffic Manager, Louisville, Kentucky.

DEAR SIR: Rates on lumber southern points to stations on L. H. & St. L.

Yours of June 26th, file 9197B.

We have already advised Messrs. Cameron, Steele, and yourself that we would apply not less than lowest combination on yellow-pine lumber from southern points to points on the L. H. & St. L., and in dividing the rates would allow the same arbitraries as used in basing the through rates.

Yours, truly,
D. M. GOODWYN, *G. F. A.*

Copy Chairman Washburn.

[General letter No. 1701.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
File No. 4892. *Louisville, Ky., July 2, 1903.*

To members:

Rates on lumber from southern pine districts to local stations on the L. H. & St. L. Ry.

Supplementing information given in general letters Nos. 1644, 1656, and 1698, be advised of receipt of the following from the general freight agent of the Illinois Central and Y. & M. V. railroads (his file No. G–12470):

"Please be advised of the intention of the Illinois Central Railroad and the Y. & M. V. R. R. to operate, effective July 15th, rates on yellow-pine lumber from producing points on these lines to local stations on the L. H. & St. L. Ry., on basis of lowest combination and also we will protect similar basis on shipments coming from points on connecting lines."

Also be advised of receipt by the chairman of carbon of communication addressed by the general freight agent of the Louisville & Nashville Railroad to the assistant freight traffic manager of the Southern Railway, reading as follows:

"Yours of June 26th, file 9197–B:

"We have already advised Messrs. Cameron, Steele, and yourself that we would apply not less than lowest combination on yellow-pine lumber from southern points to points on the L. H. & St. L., and in dividing the rates would allow the same arbitraries as used in basing the through rates."

M. P. WASHBURN, *Chairman.*

R–w.

[Rate advice No. 6230.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
Louisville, Ky., July 2nd, 1903.

File No. 4892.

Taking effect July 15th, 1903. Rates on lumber from southern pine districts to local stations on the L. H. & St. L. Ry.

Please be advised that the Southern Ry., Illinois Central, and Y. & M. V. R. Rs. have announced their purpose to make operative the basis of lowest combination on lumber from stations on their respective lines to local stations on the Louisville, Henderson & St. Louis Ry., effective July 15th, 1903, using as basing points Henderson, Owensboro, West Point, and Louisville, Ky.

Issued in accordance with individual declarations of members filed with the chairman. (See general letters 1698 and 1701.)

M. P. WASHBURN, *Chairman.*

R–w.

THE MISSOURI PACIFIC RAILWAY COMPANY,
St. Louis, Mo., July 18th, 1903.

Lumber rates from Arkansas points.

Mr. GEO. W. CALE,
Chrmn., S. W. Tariff Committee,
(Chrmn. Arkansas Frt. Com.) St. Louis, Mo.

DEAR SIR: For the information of members of your committee, this is to advise that effective with August 15th the Iron Mountain Company will establish the following rates upon yellow-pine lumber from stations in Arkansas south of the Arkansas River and from stations in Louisiana to St. Louis, Cairo, etc.: To Cairo, 16 cents; to St. Louis, 18 cents; to East St. Louis, 19½ cents per hundred pounds.

To points north of the Ohio River and on and east of the Mississippi River, through rates will be made on the combination of locals. To points west of the Mississippi River and east of the Missouri River in northern Missouri, Iowa, Minnesota, Dakota, etc., we will establish through rates based upon the St. Louis or East St. Louis combination, except where held down by the rates which obtain through Kansas City, Mo.

The rates which we will establish to western trunk-line territory are those contained in Mo. Pac. tariff No. 4754, effective April 15th, except as amended by revised arbitraries from Kansas City which have been announced since April 15th. With the exceptions stated, this will practically have the effect of restoring the rates checked in to be effective April 15th.

Yours, truly,

Special messenger.

[The Missouri Pacific Railway Company, St. Louis, Iron Mountain and Southern Railway Co., and leased, operated, and independent lines. Freight traffic department. W. C. Stith, freight traffic manager; J. C. Lincoln, gen. freight agent; W. R. Peabody, W. B. Knight, E. B. Lane, A. T. Stewart, assistant general freight agents.]

ST. LOUIS, MO., *July 18th, 1903.*

In your reply please refer to B-3-C7143.

Advance in yellow pine lumber rates.

Mr. M. P. WASHBURN,
Chrmn. S. E. Miss. Valley Ass'n,
Louisville, Ky.

DEAR SIR: Enclosed herewith you will find copy of communication I have addressed to the chairman of the Arkansas Freight Committee and the Southwestern Freight Committee, respecting advanced rates upon yellow-pine lumber, to be effective with August 15th.

It might be well for you to convey this information to the members of your committee. The gentlemen representing the lines east of the Mississippi River who were present at conference held in Chicago on July 17th are acquainted with certain reservations we made with respect to our adjustment from our short haul points and objections we offered to the making of a blanket rate from all points, Little Rock and south.

Yours, truly, J. C. LINCOLN.

[General letter No. 1718.]

SOUTHEASTERN MISSISSIPPI VALLEY ASSOCIATION,
OFFICE OF THE CHAIRMAN,
File No. 4892. *Louisville, Ky., July 21, 1903.*

To members:

Advance in yellow-pine lumber rates.

Please be advised, as information, of receipt of the following from the general freight agent of the Missouri Pacific Railway (his file B-3-C-7143):

"Enclosed herewith you will find copy of communication I have addressed to the chairman of the Arkansas Freight Committee and the Southwestern Tariff Committee, respecting advanced rates upon yellow-pine lumber, to be effective with August 15th.

"It might be well for you to convey this information to the members of your committee. The gentlemen representing the lines east of the Mississippi River who were present at conference held in Chicago on July 17th are acquainted with certain reservations we made with respect to our adjustment from our short-haul points and objections we offered to the making of a blanket rate from all points, Little Rock and south."

The letters referred to in the foregoing addressed to Mr. Cale, chairman of the Arkansas Freight Committee and Southwestern Tariff Committee, read as follows:

"For the information of members of your committee, this is to advise that, effective with August 15th, the Iron Mountain Company will establish the following rates upon yellow-pine lumber from stations in Arkansas south of the Arkansas River, and from stations in Louisiana to St. Louis, Cairo, etc.: To Cairo 16 cents, to St. Louis 18 cents, to East St. Louis 19½ cents per 100 lbs.

"To points north of the Ohio River and on and east of the Mississippi River through rates will be made on the combination of locals. To points west of the Mississippi River and east of the Missouri River in North Missouri, Iowa, Minnesota, Dakota, etc., we will establish through rates based upon the St. Louis or East St. Louis combination, except where held down by the rates which obtain through Kansas City, Mo.

"The rates which we will establish to western trunk line territory are those contained in Mo. Pac. Tariff No. 4754, effective April 15th, except as amended by revised arbitraries from Kansas City, which have been announced since April 15th. With the exceptions stated, this will practically have the effect of restoring the rates as checked in to be effective April 15th."

M. P. WASHBURN, *Chairman.*

FLS–w

EXHIBITS FILED BY STUYVESANT FISH.

EXHIBIT No. 1 to Mr. Fish's testimony.

(p. 70, testimony.)

Illinois Central Railroad Company—Income from traffic for the five months ended November 30th, 1903 and 1902.

	This year.	Last year.	Increase.	Decrease.
Miles operated	4,328	4,284	44	
Gross receipts from traffic	$20,226,252	$18,269,883	$1,956,349	
Less operation expenses and taxes	14,991,821	13,179,970	1,811,851	
Excess of receipts over operation expenses and taxes	5,234,411	5,089,913	144,498	

The gross receipts from traffic for the month of December, 1903, are estimated at	$3,814,064
The receipts for December, 1902, were	3,787,102
Estimated increase	26,962

ALEXANDER G. HACKSTAFF,
Third Vice-President.

NEW YORK, *January 9th, 1904.*

Exhibit No. 2 to Mr. Fish's testimony.

(p. 76, testimony.)

Tonnage engines assigned to through freight service between McComb and Cairo will handle (Class B rating) via the "Gwin route:"

	401 class.	301 class.	651 class.
McComb to Gwin	1,200 tons.		
Gwin to Memphis		1,320 tons.	
Memphis to Fulton			900 tons.
Fulton to Mounds			1,200 tons.

[Illinois Central Railroad Company, Law Department. J. M. Dickinson, general counsel; Sidney F. Andrews, Blewett Lee, general attorneys.]

1 Park Row, Chicago,
March 18th, 1904.

Central Yellow-Pine Lumber Ass'n v. I. C. R. R. Co. et al.

Hon. Martin A. Knapp,
Chairman, Interstate Commerce Comm'n,
Washington, D. C.

Dear Sir: Attorney Green for the complainants requested Mr. Stuyvesant Fish to file with the Commission the "Monthly statement for December, 1903, and for January, 1904, showing the net income of the I. C. R. R. Co. after deducting expenses," the companion sheets issued by Secretary Hackstaff—one just introduced in evidence (see page 79 of Mr. Fish's testimony). Mr. Fish promised to file said statements, and has just forwarded same to me with the request that I forward them to the Commission.

I therefore beg to enclose said statements, together with similar statements issued by the Secretary, showing receipts from traffic from July to February, inclusive.

Have also forwarded similar copies to Messrs. Green & Green, of Jackson, with a copy of this letter.

Yours, truly,

Sidney F. Andrews,
General Attorney.

Exhibit No. 3 of Mr. Fish's testimony.

Illinois Central Railroad Company.—Income, expenses, etc., from January 1, 1883, to June 30, 1903.

(*)	Average miles operated.	Receipts from operation.		Expenses of operation.		Taxes.	Income.			Permanent improvements and other expenditures paid from income.	Fixed charges, including interest and rents and $50,000 per annum sinking fund.	Yearly net receipts applicable to dividends.	Dividends per share of $100.	
		Amount.	Per mile per annum.	Amount.	Per cent.		Net receipts from operation.	Other income.	Total.				Earned.	Paid.
1883	1,928	$13,064,743	$6,776	$6,435,271	49.25	$559,980	$6,069,492	$500,235	$6,569,727	$632,530	$2,880,288	$3,056,909	$10.54	$10.00
1884	2,000	12,190,833	6,095	6,128,511	50.27	545,969	5,516,353	310,174	5,826,527	585,081	2,784,216	2,457,230	8.47	8.00
1885	2,066	12,621,264	6,109	6,626,629	52.50	556,073	5,438,562	167,913	5,606,475	548,859	2,737,564	2,320,052	8.00	8.00
1886	2,089	12,529,493	5,998	6,540,704	52.20	575,459	5,413,330	249,514	5,662,844	615,926	3,008,326	2,038,592	7.03	7.00
1887	2,355	13,546,287	5,752	7,310,941	53.97	646,875	5,588,471	535,410	6,123,881	583,377	2,956,929	2,583,575	6.46	7.00
1888	2,454	13,660,245	5,567	8,633,476	63.20	689,957	4,336,812	730,204	5,067,016	220,781	2,719,054	2,127,181	5.32	6.00
1889	2,875	7,258,195	5,049	4,329,395	59.65	366,956	2,561,844	421,356	2,983,200	100,411	1,644,099	1,238,690	3.10	3.00
1890	2,875	16,452,022	5,722	10,365,750	63.00	787,670	5,298,602	761,205	6,059,807	213,415	3,437,581	2,408,811	6.02	6.00
1891	2,875	17,881,555	6,220	11,890,366	66.49	870,680	5,120,509	1,198,014	6,318,523	(*)	4,068,634	2,249,889	5.00	5.00
1892	2,883	19,291,760	6,692	13,141,775	68.12	928,245	5,221,740	974,772	6,196,512	(*)	3,932,105	2,264,407	5.03	5.00
1893	2,888	20,095,191	6,958	13,250,038	65.98	1,024,897	5,811,256	1,326,492	7,137,748	(*)	4,509,089	2,628,659	5.26	5.00
1894	2,888	20,657,464	7,153	13,294,657	64.36	1,074,759	6,288,048	1,906,446	8,194,494	(*)	5,231,218	2,963,276	5.93	5.00
1895	2,888	19,056,994	6,599	12,294,612	64.51	973,919	5,788,463	1,642,443	7,430,906	(*)	4,927,989	2,502,917	5.00	5.00
1896	3,067	22,002,842	7,174	13,910,917	63.22	1,051,358	7,040,567	1,918,463	8,959,030	422,500	5,873,305	2,663,225	5.07	5.00
1897	3,130	22,110,937	7,064	14,683,943	66.41	1,051,941	6,375,053	2,164,196	8,539,249	150,000	5,760,698	2,628,551	5.01	5.00
1898	3,775	27,317,820	7,237	17,363,057	63.56	1,292,413	8,662,350	2,236,369	10,898,719	1,726,452	6,510,064	2,662,203	5.07	5.00
1899	3,671	28,114,690	7,659	18,203,282	64.75	1,358,980	8,552,428	2,581,078	11,133,506	1,475,040	6,902,004	2,856,462	5.44	5.00
1900	3,845	32,611,967	8,481	21,377,615	65.55	1,491,780	9,742,572	2,441,810	12,184,382	2,416,674	6,427,108	3,340,600	5.57	5.50
1901	4,215	36,900,460	8,755	24,251,677	65.72	1,590,115	11,058,668	2,505,182	13,563,850	3,145,400	6,596,190	3,822,260	6.23	6.00
1902	4,276	40,821,030	9,546	26,248,123	64.30	1,766,217	12,806,690	3,551,806	16,358,496	4,994,502	6,568,034	4,795,960	6.06	6.00
1903	4,293	45,186,076	10,526	29,835,883	66.03	1,862,072	13,488,121	3,461,148	16,949,269	4,981,253	6,219,876	5,748,140	6.05	6.00

* Year ended December 31st, 1883 to 1888, inclusive. * Six months ended June 30th, 1889. * Year ended June 30th, 1890 to 1903, inclusive.

EXHIBITS FILED BY A. G. HACKSTAFF AND UNIDENTIFIED EXHIBITS RELATING TO FINANCIAL CONDITION AND LEASES OF ILLINOIS CENTRAL RAILROAD.

EXHIBIT No. 1 to Mr. Hackstaff's testimony.

(p. 84, testimony.)

Extract from the minutes of the meeting of the board of directors of the Illinois Central Railroad Company, held in New York February 14, 1883.

Resolved, That a dividend of seventeen (17) per cent in the shares of the Chicago, St. Louis and New Orleans R. R. Co. be, and hereby is, declared payable by delivery of the certificates for said shares on July 2nd next to the shareholders of the Illinois Central R. R. Co. registered on the books of the company at the close of business June 15th next, and that for such dividend the books of the company be closed from and after June 15th until the morning of July 5th following.

This is to certify that the foregoing is a true extract from the minutes of the meeting of the board of directors of the Illinois Central Railroad Company, held in the city of New York on February 14, 1883.

Witness the seal of the company and the signature of its secretary.

[SEAL.] A. G. HACKSTAFF, *Secretary.*

EXHIBIT No. 2 to Mr. Hackstaff's testimony.

(p. 84, testimony.)

Extract from the minutes of the special meeting of stockholders of the Illinois Central Railroad Company, held in the city of Chicago, State of Illinois, on Jan. 18, 1887.

The following preamble and resolutions adopted by the board of directors of this company at the meeting held on the 17th day of November, 1886, were read by the secretary, to wit:

Whereas it is necessary to make provision for the purchase of the grain elevators "A" and "B" at Chicago, pursuant to the terms of the contract of September 15th, 1881, with Ebenezer Buckingham, and also for continuing the construction of a second main track, and for adding to the equipment owned by the company, and improving the company's lines of railroad in Illinois;

And whereas, in the opinion of the board, the outlay for these purposes may be best provided for by an issue of ten thousand new shares of capital stock, pursuant to the authority conferred by an act of the general assembly of the State of Illinois, approved June 30th, 1885, entitled "An act to increase the powers of railroad corporations:"

Be it therefore

Resolved, That a special meeting of the shareholders of the Illinois Central Railroad Company be, and the same is hereby, called, to be held at the company's offices in the city of Chicago, in the State of Illinois, on Tuesday, the 18th day of January, A. D. 1887, at 11 o'clock

in the forenoon, for the purpose of submitting to a vote of the shareholders the following propositions:

First. That the capital stock of the company be increased by a new issue of ten thousand shares from two hundred and ninety thousand shares of one hundred dollars each, to three hundred thousand shares of one hundred dollars each, thus making the whole capital stock of the company thirty million dollars.

Second. The shareholders of the company registered on the transfer books at the close of business on the eighth day of January, A. D. 1887, shall have the privilege of subscribing to the new stock at the rate of three and one-half per centum upon the amount of stock then registered in their names, respectively; payments for such subscriptions to be made at the company's office in New York on or before the twentieth day of January, A. D. 1887, at the price of one hundred and thirty-six dollars for each share of such new stock, and for fractions of shares in like proportion. Certificates for fractions of shares will be issued, which shall pass by delivery and shall be exchangeable for certificates of stock, when presented at the company's office in New York, in sums of one hundred dollars or multiples thereof. No dividends will accrue upon the fractions of shares. All shares of the new issue not subscribed and paid for on said twentieth day of January, A. D. 1887, may be disposed of to other purchasers at not less than the price above named.

Mr. Welling then offered the following resolution:

Resolved (1) That the shareholders of this corporation do hereby adopt and approve of the first and second propositions submitted to this meeting by order of the board of directors, in manner and form as the same are set forth in the notice of the meeting as read by the secretary, and that the capital stock of the company be increased by a new issue of 10,000 shares from 290,000 shares of $100 each to 300,000 shares of $100 each, thus making the whole capital stock of the company $30,000,000.

Resolved (2) That the directors of the company be, and they are hereby, authorized to dispose of the said new issue of 10,000 shares, in accordance with the terms of the second proposition contained in said notice.

Resolved (3) That all shares of the new issue not subscribed and taken on or before the sixteenth day of February, 1887, may be disposed of by the directors, in their discretion, at such price or prices, not less than the current market value of the stock, as shall be approved by the board, provided that none of said stock shall be sold at less than ($130) one hundred and thirty dollars per share.

The question being upon the adoption of the foregoing resolutions, it was ordered that a stock vote be taken on each resolution separately.

On motion, it was ordered that Messrs. Welling, Jeffery, and Beck be appointed tellers to receive and count the votes and report the result.

Thereupon the tellers proceeded to receive and count the votes, and reported the result to be as follows:

The votes cast in favor of the adoption of the first resolution were as follows:

(Here follow, set out in the minutes, the names of the stockholders voting in favor of the adoption of the first resolution.)

The total vote so cast amounted to 174,078 shares.

olution were

The votes cast against the adoption of the first reso
15,070 shares.
the same as

The votes cast in favor of the second resolution were , 174,078.
those cast in favor of the first resolution. Total number olution were

The votes cast against the adoption of the second reso t resolution.
the same as those cast against the adoption of the first
Total number, 15,070.

olution were

The votes cast in favor of the adoption of the third reso otal number,
the same as those cast in favor of the first resolution. To
174,078.

tion were

The votes cast against the adoption of the third re st resolution.
the same as those cast against the adoption of the first
Total number, 15,070.

on of each of

The total number of votes cast in favor of the adoptio d resolutions
said resolutions, being a majority of all votes cast, the said
were declared to be severally adopted.

act from the

This is to certify that the foregoing is a true extra the Illinois
minutes of the special meeting of the stockholders of go, State of
Central Railroad Company, held in the city of Chica
Illinois, on January 18, 1887.

its secretary.

Witness the seal of the company and the signature of , *Secretary.*

[SEAL.] A. G. HACKSTAFF,

y.

EXHIBIT No. 3 to Mr. Hackstaff's testimony

(p. 84, testimony.)

linois Central

At a special meeting of the stockholders of the Illi ty of Chicago,
Railroad Company, held at the company's office in the city . 1887, at 11
State of Illinois, on Friday, the 17th day of June, A. D. e:
o'clock in the forenoon, pursuant to the following notice

npany.

Stockholder's meeting—Illinois Central Railroad Com

tral Railroad

A meeting of the stockholders of the Illinois Cent icago, Illinois,
Company will be holden at the company's office in Chi eleven o'clock
on Friday, the seventeenth day of June, A. D. 1887, at e
in the forenoon to act upon the following propositions:

ased by a new

First. That the capital stock of the company be increa r to have the
issue of one hundred thousand shares, each stockholde ird per cent of
privilege of subscribing, at par, for thirty-three and a thi er books at the
the amount of stock registered in his name on the transfe d payment for
close of business on the first day of June, A. D. 1887, and r cent of the
such subscriptions to be made as follows: Thirty per ty per cent on
amount due therefor on the first day of July, 1887, thirt er cent on the
the first day of August, 1887, and the remaining forty p
first day of September, 1887.

o the foregoing

Second. To act upon such other matters incidental to
as may come before the meeting.

The stock transfer books will be closed from the aft ternoon of the
first day of June, 1887, until the morning of the twentiet th day of June,
1887.

By order of the board of directors:

N, *Secretary.*

E. T. H. GIBSON

April 14, 1887.

* * * * * * * *

Mr. Welling then offered the following preamble and resolutions:

Whereas it has been deemed advisable for this company to purchase the interests, property, and franchises of the Dubuque and Sioux City Railroad Company and of the Iowa Falls and Sioux City Railroad Company, in the railway lines between Dubuque and Sioux City, in the State of Iowa, now in the possession of this company and operated by it under a lease for twenty years from the first day of October, A. D. 1867;

And whereas engagements have been made to that end involving the probable expenditure of six million three hundred thousand dollars and upwards;

And whereas it is necessary to make provision for further outlays to the amount of three million seven hundred thousand dollars and upwards, required to pay for, construct, complete, and improve other lines of railroad undertaken by and belonging to this company,

Be it therefore resolved:

First. That in order to provide funds for the purposes aforesaid the shareholders of this corporation do hereby adopt and approve of the first proposition submitted to this meeting by order of the board of directors in manner and form as the same is set forth in the notice of the meeting as read by the secretary, and that the capital stock of the company be increased by a new issue of one hundred thousand shares, from three hundred thousand shares, of one hundred dollars each, to four hundred thousand shares, of one hundred dollars each, thus making the whole capital stock of the company forty million dollars.

Second. That the directors of the company be and they are hereby authorized to dispose of the said new issue of one hundred thousand shares in accordance with the terms of the first proposition contained in said notice.

Third. That scrip shall be issued to subscribers for the new stock, evidencing the respective payments made on account thereof in the form following, to wit:

(Here insert.)]

which shall pass by delivery and be convertible on and after September 5th, 1887, into full paid stock of the company, which shall be entitled to share in all dividends declared after September 1st, 1887.

Fourth. That all shares of the new issue, if any, not subscribed and taken on or before the first day of July, A. D. 1887, may be disposed of by the directors at such price or prices, not less than par, as shall be approved by the board.

Fifth. That the issuing of the following circulars by the acting president and by the secretary under date of April 16th, 1887, be approved:

(Here insert.)

* * * * * * *

The total number of votes cast in favor of the adoption of each of said resolutions being over two-thirds of the whole capital stock of the company, the said resolutions were declared to be severally adopted.

This is to certify that the foregoing is a true extract from the minutes of the special meeting of the stockholders of the Illinois

Central Railroad Company, held in the city of Chicago, Illinois, on June 17, 1887.

Witness the seal of the company and the signature of its secretary.

[SEAL.] A. G. HACKSTAFF, *Secretary.*

EXHIBIT No. 4 to Mr. Hackstaff's testimony.

(p. 84, testimony.)

Extract from the minutes of the meeting of the stockholders of the Illinois Central R. R. Co., held Oct. 8th, 1890.

Mr. B. F. Ayer then offered the following resolutions:

Resolved: First. That in order to provide additional moneys needed for paying the indebtedness of the Illinois Central Railroad Company, and for constructing, completing, improving, and maintaining its lines of railroad, the shareholders of this corporation do hereby adopt and approve the following proposition submitted to this meeting by the board of directors, in manner and form as the same is set forth in the notice of the meeting as read by the secretary, the same being as follows, to wit:

"That the capital stock of the company be increased from $40,000,000 to $45,000,000 by a new issue of fifty thousand shares, each stockholder of record on the 20th September, 1890, to have the privilege of subscribing on or before November 1st, 1890, at par, for one share in respect to every eight shares registered in his name.

"Payment for the new shares to be made in full on December 1, 1890, at the rate of one hundred dollars ($100) per share. Stockholders entitled to subscribe for fractions of shares shall, upon payment therefor, receive scrip, convertible into full paid stock when presented in sums of one hundred dollars or multiples thereof. Such scrip shall not draw dividends."

Second. That the board of directors be, and they are hereby, empowered to take all such action as shall be deemed necessary to carry the foregoing proposition into effect, and that the said board be, and they are hereby, authorized to dispose of all shares of the capital stock of the new issue, if any, which shall not be subscribed and taken on or before the first day of November, 1890, at such price or prices, not less than par, as shall be approved by them.

A stock vote being demanded upon this resolution and the committee appointed to report what stockholders were represented by proxy not yet being ready to report, the vote upon said resolution was deferred until said committee should have reported.

* * * * * * *

A stock vote was then taken upon the resolutions offered by Mr. B. F. Ayer for the increase of capital stock, which resulted as follows: Yeas, 258,017 shares; nays, 10,202 shares.

And the said resolutions were thereupon declared duly carried.

This is to certify that the foregoing is a true extract from the minutes of the meeting of the stockholders of the Illinois Central Railroad Company, held in the city of Chicago, Illinois, on October 8, 1890.

Witness the seal of the company and the signature of its secretary.

[SEAL.] A. G. HACKSTAFF, *Secretary.*

(p. 84, testimony.)

Extract from the minutes of the meeting of the stockholders of the Illinois Central R. R. Co. Held Oct. 12, 1892.

Mr. Beck then offered the following resolutions:

Resolved: First. That in order to provide for the outlays required in connection with the World's Columbian Exposition, the construction of the new passenger station at Chicago and of the new shops at Burnside, and generally for completing, maintaining, and improving the lines of railroad of the Illinois Central Railroad Company, the shareholders of this company do hereby adopt and approve the following proposition submitted to this meeting by the board of directors in manner and form as same is set forth in the notice of the meeting as read by the secretary, being as follows, to wit:

That the capital stock of the company be increased from $45,000,000 to $50,000,000 by a new issue of fifty thousand shares of $100 each; each stockholder of record on the 20th of September, 1892, to have the privilege of subscribing at par for one share in respect to every nine shares then registered to his name, provided written advice of his intention to take such proportion of new shares shall be received by the company in New York, on or before September 30, 1892.

Payment for the new shares to be made in full to the company in New York between the 13th and the 31st days of October, 1892, at the rate of one hundred dollars per share. Certificates for such shares will be delivered on the third business day after payment in full shall have been made.

Stockholders entitled to subscribe for fractions of shares shall, upon payment therefor, receive scrip convertible into full-paid stock when presented in sums of one hundred dollars, or multiples thereof. Such scrip shall not draw dividends.

Second. That the board of directors be, and they are hereby, empowered to take all such action as shall be deemed necessary to carry the foregoing proposition into effect, and that the said board be, and they are hereby, authorized to dispose of all shares of the capital stock of the new issue, if any, which shall not be subscribed and taken on or before the 31st day of October, 1892, at such price or prices, not less than par, as shall be approved by them.

A stock vote being demanded upon there resolutions, the same was thereupon taken and resulted as follows: Yeas, 266,227 shares; nays, 1,614 shares.

The said resolutions were thereupon declared carried.

This is to certify that the foregoing is a true extract from the minutes of the meeting of the stockholders of the Illinois Central Railroad Company, held in the city of Chicago, Illinois, on October 12, 1892.

Witness the seal of the company and the signature of its secretary.

[SEAL.] A. G. HACKSTAFF, *Secretary.*

(p. 84, testimony.)

Extract from the minutes of the meeting of the stockholders of the Illinois Central R. R. Co. Held Nov. 26, 1895.

The circular sent out by the secretary to each of the stockholders as shown by his certificate hereinbefore set forth was read.

It was stated by the president that, since the mailing of said circular, the directors had found it inexpedient at this time to call in for payment on January 1, 1896, the two-ten four per cent gold bonds of 1904 therein referred to, and that the option to pay such bonds was a continuing one, which may be availed of on any first day of July or of January, previous to the maturity of the bonds on January 1, 1904.

Mr. J. T. Harahan then offered the following resolutions:

First. Resolved, That in order to provide for the outlays required as set forth in said circular, and for the purpose of raising necessary funds for completing, maintaining, and improving the lines of railroad of the Illinois Central Railroad Company, and of discharging the indebtedness incurred for said purposes, the share owners of this company do hereby approve of, and adopt, the proposition submitted to this meeting by the board of directors, that the capital stock be increased from fifty million dollars ($50,000,000) to sixty million dollars ($60,000,000) by a new issue of one hundred thousand (100,000) shares of one hundred dollars ($100) each.

Second. Resolved, That the board of directors be, and they are hereby, empowered to take all such action as shall be deemed necessary to carry the foregoing resolution into effect, and that the said board be, and they are hereby, authorized to dispose of all shares of the capital stock of the new issue, if any, which shall not be subscribed and taken, on or before December 16, 1895, at such price or prices, not less than par, as shall be approved by them.

A stock vote being demanded upon these resolutions, the same was thereupon taken and resulted as follows: Yeas, 312,456 shares; nays, no shares.

The resolutions were thereupon declared to have been unanimously adopted.

This is to certify that the foregoing is a true extract from the minutes of the meeting of the stockholders of the Illinois Central Railroad Company, held in the city of Chicago, Illinois, on November 26, 1895.

Witness the seal of the company and the signature of its secretary.

[SEAL.] A. G. HACKSTAFF, *Secretary.*

(p. 84, testimony.)

Extract from the minutes of the meeting of the stockholders of the Illinois Central R. R. Co. Held Jan. 26, 1901.

Mr. Augustus E. Ayers then offered the following resolutions:

Resolved, That the shareholders of this corporation do hereby approve of and adopt the following propositions, submitted to this meeting by the board of directors, in manner and form as the same are set forth in the notice of the meeting as read by the secretary, the same being as follows, to wit:

First. That in order to provide necessary moneys for the purchase of additional cars and locomotive engines, needed for the accommodation of the growing traffic on the company's lines of railway; the construction of additional second tracks, side tracks, and station and terminal facilities, the reduction of grades, the elimination of grade crossings at different places along said railway lines, and other improvements of a permanent character, some of which purchases, additions, and improvements have already been undertaken, and for

other corporate purposes, the capital stock of the Illinois Central Railroad Company be increased by an issue of 60,000 new shares of $100 each, from 600,000 shares to 660,000 shares of $100 each, thus making the whole capital stock of the company $66,000,000.

Second. That each shareholder shall have the privilege of subscribing at par on or before March 4, 1901, for one share of such new stock, for every ten shares of stock registered in his name on the transfer books of the company at the close of business on December 20, 1900, and for fractions of shares in like proportion; payment for the new stock to be made in full at the company's office in the city of New York, on or before Monday, March 4, 1901.

Third. That stockholders entitled to subscribe for fractions of shares shall, upon payment therefor, receive scrip convertible into full-paid stock when presented in sums of $100 or multiples thereof, but such scrip shall not draw dividends.

Fourth. That the shares, or fractions of shares, of the new issue, if any, not subscribed and paid for on or before March 4, 1901, may be disposed of by the board of directors at such price or prices, not less than par, as may be approved by them.

Fifth. That the new shares shall be entitled to participate in all dividends which may be declared payable after March 4, 1901.

Resolved, That the board of directors be, and they are hereby, empowered to take all such action as shall be deemed necessary to carry the foregoing propositions into effect, and that the said board be, and they are hereby, authorized to dispose of all shares of the capital stock of the new issue, if any, which shall not be subscribed and taken on or before the 4th day of March, 1901, at such price, or prices, not less than par, as shall be approved by them.

The said resolutions having been duly seconded, a stock vote was taken upon the adoption of the same, which resulted as follows: Yeas, 396,900 shares; nays, none.

The said resolutions were thereupon declared to have been unanimously adopted.

This is to certify that the foregoing is a true extract from the minutes of the meeting of the stockholders of the Illinois Central Railroad Company, held in the city of Chicago, Illinois, on January 26, 1901.

Witness the seal of the company and the signature of its secretary.

[SEAL.] A. G. HACKSTAFF, *Secretary.*

EXHIBIT NO. 8 to Mr. Hackstaff's testimony.

(p. 84, testimony.)

Extract from the minutes of the meeting of the stockholders of the Illinois Central R. R. Co., held Oct. 16, 1901.

On motion, duly made and seconded, the following proposition set forth in the call for the present meeting as one of the subjects to be acted on, was taken up for consideration, viz:

"That in order to provide the necessary moneys for the purchase of additional cars and locomotive engines needed for the accommodation of the growing traffic on the company's lines of railway; the construction of additional second tracks, side tracks, and station and terminal facilities; the reduction of grades and changes of alignment;

the elimination of grade crossings at different places along said railway lines, and other improvements of a permanent character, some of which purchases, additions, and improvements have already been undertaken, and for other corporate purposes, the capital stock of the Illinois Central Railroad Company be increased by an issue of 132,000 new shares of $100 each, from 660,000 shares to 792,000 shares of $100 each, thus making the whole capital stock of the company $79,200,000."

Thereupon the following resolutions were offered and laid before the meeting:

Resolved, (1) That the shareholders of this corporation do hereby approve of and adopt the proposition now under consideration, in manner and form as the same is set forth in the notice of the meeting as read by the secretary, and that the capital stock of the company be increased by a new issue of 132,000 new shares, from 660,000 shares of $100 each to 792,000 shares of $100 each, thus making the whole capital stock of the company $79,200,000.

Resolved, (2) That each shareholder as registered upon the company's books on Wednesday, October 30th, 1901, shall, until Wednesday, November 27th, 1901, and no longer, have the privilege of subscribing at par for one share of such new stock for every five shares of stock so registered in his name, and for fractions of shares in like proportion, payment for the new stock to be made in full at the company's office in the city of New York, on or before Wednesday, December 18, 1901.

Resolved, (3) That stockholders entitled to subscribe for fractions of shares shall, upon payment therefor, be given receipts which shall be convertible into full-paid stock if presented at the company's office in sums of $100 or multiples thereof on or before February 1st, 1902; and if not then presented will thereafter be redeemed by the company at par, in cash, upon presentation at its office in New York. Such receipts for payments for fractions of shares will not draw dividends or interest.

Resolved, (4) That the shares or fractions of shares of the new issue, if any, not subscribed and paid for on or before December 18th, 1901, may be disposed of by the company at such price or prices, not less than par, as may be approved by the board of directors.

Resolved, (5) That the new shares (but not the fractions thereof) shall be entitled to participate in all dividends which may be declared payable after December 18th, 1901.

Resolved, (6) That the board of directors be, and they are hereby, empowered to take all such action as shall be deemed necessary to carry the foregoing resolutions into effect.

The said resolutions having been duly seconded, a stock vote was taken upon the adoption of the resolutions, which resulted as follows: Yeas, 500,686 shares; nays, none.

And the said resolutions were thereupon declared to be severally adopted.

This is to certify that the foregoing is a true extract from the minutes of the meeting of the stockholders of the Illinois Central Railroad Company, held in the city of Chicago, Illinois, on October 16, 1901.

Witness the seal of the company and the signature of its secretary.

[SEAL.] A. G. HACKSTAFF, *Secretary.*

(P. 84, testimony.)

Extract from the minutes of the meeting of the stockholders of the Illinois Central R. R. Co., held Aug. 29, 1902.

Mr. J. S. Aisthorpe then offered the following resolutions:

Resolved, first, That the shareholders of the Illinois Central Railroad Company do hereby approve of and adopt the proposition in manner and form as the same is set forth in the notices of the meeting as read by the secretary, and that the capital stock of the company be increased by a new issue of one hundred and fifty-eight thousand four hundred new shares of one hundred dollars each, the increase being from seven hundred and ninety-two thousand shares of one hundred dollars each to nine hundred and fifty thousand four hundred shares of one hundred dollars each, thus making the whole capital stock of the company ninety-five million and forty thousand dollars, said increase being for the purpose of paying for, constructing, completing, improving, or maintaining the lines of the Illinois Central Railroad Company.

Resolved, second, That each shareholder as registered upon the company's books on Friday, September 19, 1902, shall, until Friday, October 24, 1902, and no longer, have the privilege of subscribing at par for one share of such new stock for every five shares of stock so registered in his name, and for fractions of shares in like proportion; payment for the new stock to be made at the company's office in the city of New York in two installments, the first installment thereon of fifty per cent to be paid on or before Tuesday, December 2, 1902, and the remaining fifty per cent on or before Wednesday, January 7, 1903; that to such subscribing stockholders as shall pay both installments in full on or before December 2, 1902, there will be allowed a discount upon the second installment at the rate of four per cent per annum from that date to January 7, 1903, and that certificates for full-paid shares be issued as soon as possible after both installments shall have been paid and in the order in which payments are made.

Resolved, third, That stockholders entitled to subscribe for fractions of shares shall, upon payment therefor, be given receipts which shall be convertible into full-paid stock if presented at the company's office in sums of one hundred dollars or multiples thereof on or before June 30, 1903, and that if not then presented they will thereafter be redeemed by the company at par in cash upon presentation at its office in New York, but such receipts for payments for fractions of shares will not draw dividends or interest.

Resolved, fourth, That the shares or fractions of shares of the new issue, if any, not subscribed and paid for on or before January 7, 1903, may be disposed of by the company at such price or prices not less than par, as may be approved by the board of directors.

Resolved, fifth, That the new shares (but not the fractions thereof) shall be entitled to participate in all dividends which may be declared payable after January 7, 1903.

Resolved, sixth, That the board of directors be, and they are hereby, empowered to take all such action as shall be deemed necessary to carry the foregoing resolutions into effect.

The said resolutions having been duly seconded, a stock vote was taken upon them, which resulted as follows: Yeas, 545,325 shares; nays, none.

And the said resolutions were thereupon declared to be severally adopted.

This is to certify that the foregoing is a true extract from the minutes of the meeting of the stockholders of the Illinois Central Railroad Company, held in the city of Chicago, on August 29, 1902.

Witness the seal of the company and the signature of its secretary.

[SEAL.] A. G. HACKSTAFF, *Secretary.*

This indenture, made the 13th day of June, 1882, between the Chicago, St. Louis and New Orleans Railroad Company, a corporation created by and organized under the laws of the State of Louisiana, Mississippi, Tennessee, and Kentucky, party of the first part, and the Illinois Central Railroad Company, a corporation created by and organized under the laws of the State of Illinois, party of the second part, witnesseth:

1st. That the party of the first part, for and in consideration of the rents, covenants, and agreements hereinafter mentioned, reserved, and contained on the part and behalf of the party of the second part, its successors and assigns, to be paid, kept, and performed, has granted, demised, and to farm let, and by these presents does grant, demise to farm let unto the said party of the second part, its successors and assigns, all and singular the railroad of the party of the first part, extending from the city of New Orleans, in the State of Louisiana, through the State of Louisiana, Mississippi, Tennessee, and Kentucky to a point on the south bank of the Ohio River opposite Cairo, in the State of Illinois, and all the branches, spurs, laterals, and extensions thereof, including the branch known as the Kosciusko Branch, in the State of Mississippi, and also the lands, gravel pits, rock quarries, rights of way, depot buildings, and depot grounds, station houses and station grounds, water tanks, machine shops, workshops, stationary engines, machinery and fixtures, engine houses, warehouses, offices, and other buildings, structures, and improvements of every nature and kind whatsoever, with all the appurtenances thereunto belonging, now held or owned, or which may at any time hereafter during the term of this lease be acquired by the party of the first part, for use in connection with the said railroad and branches or the business thereof; also all the rolling stock and equipment of said railroad and branches, all locomotive engines and tenders, passenger and freight cars, hand cars, and cars of every other description, furniture, tools, instruments, and apparatus, and all other things, real or personal, belonging to the party of the first part and used or intended to be used in operating, repairing, or maintaining the said railroad and branches or their appurtenances; also the full right, liberty, and privilege of cutting and taking from any of the lands owned by the party of the first part, whatever wood, timber, rock, gravel, or other material may be required for any purpose connected with the operation, maintenance, improvements, or repair of the said railroad and branches during the term of this lease, and also

the exclusive right during the term of this lease to engage in the business of transporting the mails and passengers and freight on said road and its branches, spurs, laterals, and extensions at such rates and charges for such transportation and other service therewith connected as said party of the second part may from time to time establish, to collect and receive from its own use the said rates and charges, and to have, hold, and exercise, and enjoy all the rights, powers, privileges, and franchises which can be lawfully exercised or enforced in or about the said railroad and other demised premises, and the management, control, and operation of the same as fully, amply, and entirely as the same might or could have been held, exercised, or enforced by the said party of the first part had this indenture not been made.

To have and to hold the said railroad and branches, etc., with appurtenances, and all the real and personal estate, right, liberties, and privileges hereby granted unto the said party of the second part, its successors and assigns from the first day of July, 1882, for and during the term of 400 years thence next ensuing.

Second. That the party of the first part, for the consideration aforesaid, hereby covenants and agrees to and with the party of the second, at the beginning of the term hereby granted, on the first day of July, 1882, it will assign, transfer, and deliver to the said party of the second part for its use all the stores, supplies, and materials of every kind, and all other goods, chattels, and effects then in the possession of or belonging to the said party of the first part not hereinbefore demised, and also all the mortgage bonds of the said party of the first part then remaining in its hands and held by it subject to sale or other disposition, and also all moneys then on hand and all notes, bills, accounts, claims, demands, choses in action, and other assets belonging to the said party of the first part and due to it from any person or persons or from any corporation or corporations whatever.

And the party of the first part hereby constitutes and appoints the said party of the second part its true and lawful attorney, in its name but for the use and benefit of the said party of the second part to demand, collect, reduce to possession, sue for, recover, and receive all and singular the notes, bills, accounts, claims, demands, choses in action, and other assets above mentioned, and to make such compromises and agreements, and sign such receipts, acquittances, and releases in reference thereto as the said party of the second part may think fit.

And the party of the first part further covenants and agrees to and with the party of the second part that it will, during the continuance of this lease, and the term hereby granted, maintain its corporate organization and existence by the annual election of directors and officers, and the performance of such other acts as may be required by law for that purpose; and that it will at any time during the said term, when required by the said party of the second part, its successors or assigns, exercise every corporate power, and do every corporate act, which the said party of the first part can lawfully exercise or do to secure to the said party of the second part the full enjoyment of the premises hereby demised, and every part thereof.

Third. That the said party of the second part, for and in consideration of the above-mentioned grants, covenants, and agreements, for itself, its successors and assigns, hereby covenants and agrees to and with the said party of the first part in the manner following, that is to say:

1st. That it will, during the continuance of this lease, preserve and maintain the said demised premises in as good condition as the same shall be in at the beginning of the term hereby granted, and keep the said railroad of the party of the first part, and the branches, spurs, laterals, and extensions thereof, in efficient operation for the transportation of the mails and of passengers and freight, and that in the conduct and management of the said railroad it will conform in all respects to the charter obligations of the said party of the first part, and to such obligations as are, or may be lawfully imposed upon the said party of the first part as a common carrier, and that it will indemnify the said party of the first part and save it harmless from any action or suit by any State or by any person or corporation arising out of or founded upon any act or omission of the party of the second part in or about the management or operation of the said railroad and other property hereby demised.

2nd. And also that the said party of the second part shall and will pay and discharge all such valid debts and liabilities as shall have been incurred by the party of the first part in the operation of its railroad prior to the first day of July, 1882, and which shall not then have been otherwise provided for, when, and as the same shall become due, and payment thereof shall be demanded by the parties entitled thereto, it being understood and expressly provided, however, that this engagement does not extend or apply to any part of the funded debt of the party of the first part, or to any indebtedness or liability except such as shall have been contracted by the party of the first part according to the usual course of business in the regular and ordinary operation of the said railroad.

3rd. And also that the said party of the second part shall and will provide for the payment of the following debts or obligations secured by mortgages or deed of trust upon the said premises or upon parts of the same, so as effectually to protect the said party of the first part and the premises hereby demised from any default in the said payments, or any of them, to wit:

1st. The principal of the valid first-mortgage bonds of the New Orleans, Jackson and Great Northern Railroad Company now unpaid and outstanding in the hands of third parties, not exceeding in amount the sum of $2,847,000.00 secured by a mortgage or deed of trust made by said last-named company to one James D. Denegre, and bearing date the 12th of June, 1856, together with the interest due and to grow due thereon.

2nd. The principal of the valid second mortgage bonds of the New Orleans, Jackson & Great Northern Railroad Co., now unpaid and outstanding in the hands of third parties not exceeding in amount the sum of $1,483,000, secured by a mortgage or deed of trust made by said last-named company to one James D. Denegre, and bearing date October 1st, 1860, together with the interest due and to grow due thereon.

3rd. The principal of the valid first-mortgage bonds of the Mississippi Central Railroad Co., now unpaid and outstanding in the hands of third parties of an uncertain amount, but not exceeding the sum of $335,500 secured by a mortgage or deed of trust made by said last-named company to Charles Butler, Azariah C. Flagg, and Jacob Thompson, and bearing date Nov. 1st, 1854, together with the interest due and to grow due thereon.

4th. The principal of the valid second-mortgage bonds of the Mississippi Central Railroad Company now unpaid and outstanding in the hands of third parties of an uncertain amount, but not exceeding the sum of $1,319,500, secured by a mortgage or deed of trust made by said last-named company to Jacob Rogers, M. C. Matherson, and William L. Sharkey, and bearing date the first day of November, 1865, together with the interest due and to grow due thereon.

5th. The principal of the valid first mortgage bonds of the Chicago, St. Louis and New Orleans Railroad Company, now unpaid and outstanding in the hands of third parties, not exceeding in amount the sum of $1,400,000, secured by a mortgage or trust deed made by said last-named company to Adolph Schrender, James Fentress, and Lis. F. Randolph and bearing date the eighth day of November, 1877, together with interest due and to grow due thereon.

6th. The principal of the valid second mortgage bonds of the Chicago, St. Louis and New Orleans Railroad Company now unpaid and outstanding in the hands of third parties, not exceeding in amount the sum of $180,000.00, secured by a mortgage or trust deed made by said last-named company to William Hackman and Stuyvesant Fish, and bearing date the first day of December, 1877, together with the interest due and to grow due thereon.

Provided, however, and the foregoing covenant is made the express condition and agreement (to which the party of the first part hereby assents), that the said party of the second part shall receive in exchange for every one of the one thousand dollar bonds included within the preceding specification, or more of said bonds together amounting to one thousand dollars, exclusive of interest, which it shall take up and surrender for cancellation to the said party of the first part or to the trustees acting under the trust created in and by the mortgage or trust deed made by the said party of the first part to Lewis V. F. Randolph and Lynde A. Catlin, bearing date the fifteenth day of March, 1881, one of one thousand-dollar bonds of the said Chicago, St. Louis & New Orleans Railroad Company, secured by the said last-mentioned mortgage, with all the interest coupons attached representing the interest thereafter to accrue on said bonds, and if any of the outstanding bonds referred to in the aforesaid specifications shall, by a court of competent jurisdiction, be adjudged invalid, or to be no lien or charge in the property hereby demised, a like amount of the bonds of the said party of the first part, to be issued under and secured by the above-mentioned mortgage made by the said party of the first part to Lewis V. F. Randolph and Lynde A. Catlin, shall be delivered to the party of the second part to be used and applied for the construction, equipment, maintenance, and general benefit of the railroad of the party of the first part. And after the satisfaction or extinguishment of all the outstanding bonds referred to in the specification aforesaid, the residue of the bonds, if

any, authorized to be issued under the last-mentioned mortgage, not required or used for the specific purposes mentioned in said mortgage shall be certified and issued by the trustees acting under the said mortgage, and be delivered to the said party of the second part, and may be used and employed by said party of the second part for any of the general purposes specified in the thirteenth clause of the said mortgage; and,

Provided further, that nothing herein contained shall be so construed as to prevent the said party of the first part from refunding or paying any of the valid bonds included within the aforesaid specification, by the issuance, exchange, or sale of bonds secured by said last-mentioned mortgage agreeably to the provisions in that behalf contained in the said mortgage.

4th. And also that the said party of the second part shall and will, during the continuance of this lease, punctually pay, or cause to be paid, all taxes and assessments that may be lawfully levied, charged, or assessed on said demised premises, or any part thereof, and that it will, at all times during the continuance of this lease, provide and keep properly furnished, at a convenient point on the line of railroad hereby demised, such office room as the party of the first part may reasonably require for the safe-keeping of its books and papers, and for holding such meetings and transacting such business as may be required to keep up and maintain the corporate organization of the party of the first part, and shall and will annually appropriate such sums, not exceeding $5,000.00, as may be required to pay for the services of the trustees acting under the several mortgages or deed of trust heretofore made by the party of the first part, and for the payment of such officers and agents as may be appointed or employed to preserve the organization of the said party of the first part and to protect its interests.

5th. And also that the said party of the second part shall and will during the continuance of this lease pay as rent for the said demised premises an annual sum equivalent to 4 per centum on each share of one hundred dollars of the capital stock of the party of the first part, that is to say, the sum of $400,000.00 per annum, in equal semiannual installments for distribution pro rata among the stockholders of the said party of the first part, as dividends on their stock, the first installment of $200,000 to be paid on the first day of January, 1883; and it is understood and agreed by the parties hereto that said semiannual payments, or any of them, may be made to the party of the first part for distribution by it among its stockholders in proportion to the amount of stock held by them respectively, or if the said party of the second part shall so elect to the stockholders of the said party of the first part directly, each to receive his proportional share; but in case any of the said payments shall be made directly to said stockholders, evidence of such payments shall be preserved by the said party of the second part and furnished to said party of the first part whenever the same may be required. And also that said party of the second part shall and will purchase all now outstanding shares of stock of the party of the first part which may be offered to it at the office of its treasurer in the city of New York, giving in payment or exchange therefor the certificates of the said party of the second part, to

bear date on or after July 1st, 1882, of the tenor and effect following, that is to say.

No. United States of America, State of Illinois. Shares.

Illinois Central Railroad Company four per cent leased line certificate. Issue limited to $10,000,000. Shares $100 each, fully paid.

This certifies that the Illinois Central Railroad Company has received and holds subject to the conditions named below shares of $100.00 each fully paid, of the capital stock of the Chicago, St. Louis & New Orleans Railroad Company, and hereby promises to pay to or assigns, in lawful money of the United States in the city of New York, four dollars per annum on each of the above named shares, in equal half yearly payments of two dollars per share, payable on each first day of January and July ensuing the date hereof . The conditions on which the above-named shares are held as follows:

Whereas the shares referred to above have been transferred to the Illinois Central Railroad Company, it is hereby agreed that the Illinois Central Railroad Company will continue to hold the said shares of stock, and will not alienate, pledge, or part with the same to any other party than the owner of this certificate, and that so long as the above stipulated payments are made by the Illinois Central Railroad Company, it shall enjoy all the rights of a stockholder in said stock.

That the holder of this certificate may, upon default in payment of any sum stipulated to be paid as above (said default continuing 60 days), demand from the Illinois Central Railroad Company the above-mentioned number of shares of like stock of the Chicago, St. Louis & New Orleans Railroad Company, and in that case shall have the right, on the surrender of this certificate, to an immediate transfer of the said share, and to a certificate representing the same, to be delivered without delay, unencumbered by the condition hereof.

Witness the signature of the treasurer & secretary.

New York, 1888.

Treasurer.
Secretary.

But it is expressly understood and agreed that the privilege hereby given to the stockholders of the said party of the first part of selling or exchanging their stock for the said certificate may be terminated by the said party of the second part at any time after the first day of January, 1883, on giving 90 days' notice thereof by publication in one daily newspaper published in the city of New York.

Fourth. That the said party of the second part hereby covenants and agrees to and with the said party of the first part that until the maturity of the bonds issued or authorized to be issued by the said party of the first part under the mortgage or deed of trust made by it to Lewis V. F. Randolph and Lynde A. Catlin, bearing date the 15th day of March, 1881, not exceeding in amount the sum

of eighteen millions dollars, to wit, until the 15th day o. June, 1951, it will provide for the payment of the semiannual interest which shall become due on the said bonds, and will protect the said party of the first part and the premises hereby demised from any default in the said interest payments or any of them.

Fifth. That the party of the second part for itself, its successors and assigns, further covenants and agrees to and with the party of the first part that it will, on the expiration of the term hereby granted, surrender to the party of the first part, its successors or assigns, all and singular the demised premises, with the appertenances, in as good plight and condition as the same shall be in when possession thereof shall be delivered to the said party of the second part. Provided the said party of the first part, its successors or assigns, shall then pay to the party of the second part, its successors or assigns, whatever sums of money may have been advanced by it or them, if any, during the continuance of this lease, for the use, benefit, or accommodation of the said party of the first part, and its request, over and above the payments and advances which the said party of the second part is bound to make by the terms of this lease, and which shall then remain unpaid, and it is hereby agreed by the parties hereto that the said party of the second part, its successors or assigns, may retain possession of the said demised premises and the appurtenances after the expiration of the term hereby granted and hold the same and every part thereof as mortagees in possession, with full power to use and operate the same until the sums so advanced and still remaining unpaid, with interest thereon at the rate of 5% per annum, shall have been fully paid and discharged.

6th. That a schedule or inventory of all the real and personal property hereby demised, coming into the possession of the party of the second part, pursuant to the terms of this lease, shall be made out as soon as practicable by the general superintendents of the respective parties hereto, and duplicate copies thereof shall be signed by said general superintendents, one of which copies shall be delivered to the party of the first part and the other to the party of the second part.

7th. That the party of the first part covenants and agrees to and with the party of the second part that it, the said party of the second part, on paying the yearly rent herein agreed to be paid, and keeping and performing the covenants and agreements herein contained on its part to be kept and performed, shall and may peaceably and quietly have, hold, and enjoy the said demised premises and every part and parcel thereof, with the appurtenances, for and during the said term of years hereby granted, without any interruption or disturbance from the said party of the first part, its successors or assigns, or any other person or persons lawfully claiming by, from, or under it, or them or any of them. And further that the said party of the first part shall and will from time to time, and at all times hereafter, make, execute, and deliver all such further assurances as may be reasonably required for the better and more perfectly assuring and confirming unto the said party of the second part all the estate, rights, and privileges hereinbefore granted or intended so to be. And it is further understood and agreed that

the covenants and agreements contained in this indenture shall be binding upon the parties hereto, their successors, legal representatives, and assigns.

In witness whereof the party of the first part and the party of the second part have hereunto set their respective corporate seals, and each has caused these presents to be signed by its president, and attested by its secretary, on the day and year first above written.

THE CHICAGO, ST. LOUIS AND NEW ORLEANS R. R. COMPANY,
[SEAL.]
By JAS. C. CLARKE, *President.*
HOWARD H. HENRY, *Secretary.*

ILLINOIS CENTRAL RAILROAD COMPANY,
[SEAL.]
By W. K. ACKERMAN, *President.*
L. A. CATLIN, *Secretary.*

Signed, sealed, and delivered in the presence of—
WILLIAM H. CLARKSON.
ED. P. SKENE.

STATE OF NEW YORK,
City and County of New York, ss.:

Be it remembered, that on this nineteenth day of July, in the year one thousand eight hundred and eighty-two, before me, William H. Clarkson, a commissioner for the State of Louisiana, resident in the said city of New York, duly commissioned and qualified by the executive authority and under the laws of the State of Louisiana to take the acknowledgment and proof of deeds and other conveyances to be used and recorded in said State; and also a commissioner of the State of Mississippi, resident in said city of New York, appointed by the governor of the State of Mississippi, and duly qualified under the laws thereof to take the acknowledgment and proof of deeds and other conveyances to be used or recorded in said State; and also a commissioner of the State of Tennessee, and duly commissioned and qualified under the laws thereof to take acknowledgement and proof of deeds or other conveyances to be used or recorded in said State of Tennessee; and also a commissioner for the State of Kentucky, resident in said city of New York, duly commissioned and qualified by the executive authority, and under the laws of the State of Kentucky, to take the acknowledgment and proof of deeds and other conveyances to be used or recorded in said State, came James C. Clarke, the president of the Chicago, St. Louis and New Orleans Railroad Company, and Howard H. Henry, the secretary of the same company, with each of whom I am personally acquainted, and also personally known to me to be the identical persons who signed the foregoing and annexed instrument, and also known to me to be the president and secretary of the said company, respectively, the party of the first part in said instrument, who, being by me duly sworn, did depose and say: That he, the said James C. Clarke, was the president of said company; that he, the said Howard H. Henry, was the secretary of the same company; that they know the corporate seal of said company; that the seal affixed to the foregoing instrument, purporting to be the corporate seal of said company is

such corporate seal; and that it was affixed thereto by authority of said company and that they signed their names to said instrument as president and secretary of said company, and in behalf thereof, by the same authority. And the said James C. Clarke and Howard H. Henry then and there severally acknowledged that they signed, sealed, and delivered the said instrument as their official act and deed, respectively, as such officers, and as the act and deed of the said company, for the uses and purposes therein expressed on the day and year therein mentioned.

And at the same time and place before me personally came W. K. Ackerman, the president of the Illinois Central Railroad Company, and L. A. Catlin, the secretary of the same company, with each of whom I am personally acquainted and who are also personally known to me to be the identical persons who signed the foregoing and annexed instrument, and also known to me to be the president and secretary of the said Illinois Central Railroad Company, respectively, the party of the second part, in the said instrument, who, being by me duly sworn, did depose and say: That he, the said W. K. Ackerman, was the president of the said Illinois Central Railroad Company; that he, the said L. A. Catlin, was the secretary of the same company; that they know the corporate seal of the said company; that the seal affixed to the foregoing instrument purporting to be the corporate seal of the said company is such corporate seal; that it was affixed thereto by authority of the said company, and that they signed their names to the said instrument as president and secretary of said company, respectively, and in behalf thereof, by the same authority; and the said W. K. Ackerman and L. A. Catlin then and there severally acknowledged that they signed, sealed, and delivered the said instrument as their official act and deed as such officers, and as the act and deed of the said Illinois Central Railroad Company, for the uses and purposes therein expressed, on the day and year herein mentioned.

In witness whereof I have hereunto set my hand and have also hereunto affixed my official seals as commissioner for each of the States above mentioned, at my office, in the said city of New York, the day and year last above written.

[SEAL.] (Sd.) WILLIAM H. CLARKSON,
Commissioner for the State of Louisiana in New York.

[SEAL.] (Sd.) WILLIAM H. CLARKSON,
Commissioner for the State of Kentucky in New York.

[SEAL.] (Sd.) WILLIAM H. CLARKSON,
Commissioner for the State of Mississippi in New York.

[SEAL.] (Sd.) WILLIAM H. CLARKSON,
Commissioner for the State of Tennessee in New York.

Filed May 22, 1883, 4 p. m.
Recorded May 25, 1883.

W. T. RATLIFF, *Clk.*
By A. G. MOORE, *D. C.*

Certificate of true copy.

THE STATE OF MISSISSIPPI,
Hinds County:

I, W. W. Downing, clerk of the chancery court in and for said county and State, do hereby certify that the above and foregoing is a just, true, and perfect copy of a lease from Chicago, St. Louis & New Orleans R. R. Co. to Illinois Central R. R. Co., as appears of record in my office, and that the same is duly recorded in book No. 13, page 200–8 of Record of Deeds.

Given under my hand and the seal of said court, at my office in Jackson, this the 24th day of October, 1903.

[SEAL.] W. W. DOWNING, *Clerk.*

Lease Memphis division.

Chicago, St. Louis & New Orleans Railroad Company to Illinois Central Railroad Company.

Filed for record April 22, 1889, at 10 o'clock a. m., and recorded May the 2nd, 1889. J. T. Thomas, clerk; by J. C. Perry, D. C.

This indenture made this fourth day of April, 1889, by and between the Chicago, St. Louis and New Orleans Railroad Company, a corporation created by and organized under the laws of the State of Louisiana, Mississippi, Tennessee, & Kentucky, party of the first part, and the Illinois Central Railroad Company, a corporation created by and organized under the laws of the State of Illinois, party of the second part, witnesseth:

First. That the party of the first part, for and in consideration of the rents, covenants, and agreements hereinafter mentioned, reserved, and contained on the part and behalf of the party of the second part, its successors and assigns, to be paid, kept, and performed, has granted, demised, and to farm let, and by these presents doth grant, demise, lease, and to farm let unto the said party of the second part, its successors and assigns, all and singular, the Memphis division of its railroad, extending from the place at or near Grenada, in the State of Mississippi, where said Memphis division joins its main line, to Memphis, Tennessee, being one hundred miles of railroad, more or less, and all the extentions, side tracks, tenements thereunto belonging or appertaining, and also all the lands, gravel pits, rock quarries, rights of way, depot buildings and depot grounds, station houses and station grounds, water tanks, machine shops, workshops, stationery engines, machinery and fixtures, engine houses, warehouses, offices, and all other buildings, structures, and improvements of every nature and kind whatsoever belonging or appertaining to said Memphis division of its said railroad, which was formerly known as the Mississippi and Tennessee Railroad, including not only all of said Memphis division of its railroad now owned or held, but also all that may hereafter during the term of this lease be acquired by the party of the first part for the exclusive use of said Memphis division of its railroad, including also herein all the rolling stock and equipments of its said Memphis division, all locomotives, engines, and tenders, passenger & freight cars, hand cars, and cars of every other description, furniture, tools, instruments, and apparatus, and all other things, real and personal, belonging to the Mississippi and

Tennessee Railroad Company at the time of its consolidation with the party of the first part; also the full right, liberty, and privilege of cutting and taking from any of the lands owned by the party of the first part belonging or appertaining to its said Memphis division, whatever wood, timber, rock, gravel, or other material may be required for any purpose connected with the operation, maintenance, improvement, or repair of the said Memphis division of its railroad aforesaid during the term of this lease, and also the exclusive right during the term of this lease to engage in the business of transporting the mails and passengers and freight on the said Memphis division of its railroad at such rates and charges for such transportation and other service therewith connected as the said party of the second part may from time to time establish, to collect and receive for its own use the said rates and charges, and to have, hold, exercise, and enjoy all the rights, powers, privileges, immunities, and franchises which can be lawfully exercised or enjoyed in or about the said division of its railroad and other demised premises, and the management, control, and operation of the same as fully, amply, and entirely as the same might or could have been exercised or enjoyed by the said party of the first part had this indenture not been made, to have and to hold the said Memphis division of its said railroad, with its appurtenances and all the real and personal estate, rights, liberties, immunities, privileges, and franchises hereby granted unto the said party of the second part, its successors, and assigns, from the fourth day of April, 1889, until the 1st day of July, in the year of our Lord twenty-two hundred & eighty-two (2282).

Second. That the party of the first part, for the consideration herein mentioned, hereby covenants and agrees to and with the party of the second part that at the beginning of the term hereby granted it will assign, transfer, and deliver to the party of the second part for its use all the stores, supplies, and materials of every kind and all other goods, chattels, and effects then in possession of or belonging to the said party of the first part not hereinbefore demised which belong or appertain to said Memphis division of its railroad, and also all moneys then on hand, and all notes, bills, accounts, claims, demands, choses in action, and other assets which it acquired by the consolidation of the Mississippi and Tennessee Railroad Company into it as aforesaid, and the party of the first part hereby constitutes and appoints the party of the second part its true and lawful attorney in its name, but for the use and benefit of the said party of the second part to demand, collect, reduce to possession, sue for, recover, and receive all and singular the notes, bills, accounts, claims, demands, choses in action, and other assets above mentioned, and to make such compromises and agreements and sign such receipts, acquittances, and releases in reference thereto as the said party of the second part may think fit, and the party of the first part further covenants & agrees to and with the party of the second part that it will, during the continuance of this lease and of the term hereby granted, maintain its corporate organization, and that it will at any time during said term, when requested by the said party of the second party, its successors or assigns, exercise every corporate power and do every corporate act which the said party of the first part can lawfully exercise or do to secure to the party of the second part the full enjoyment of the premises hereby demised and every part thereof.

Third. That the said party of the second part, for and in consideration of the above-mentioned grants, covenants, and agreements, for itself, its successors and assigns, hereby covenants and agrees to and with the party of the first part, its successors and assigns: (1) That it will, during the continuance of this lease, preserve and maintain the said demised premises in as good condition as the same shall be in at the beginning of the term hereby granted, and keep the said Memphis division of the railroad of the party of the first part and the extensions thereof in efficient operation for the transportation of the mails and of the passengers and freight, and that in the conduct and management thereof it will conform in all respects to the charter obligations affecting the same, and to such obligations as are or may be lawfully imposed upon the party of the first part as a common carrier in relation to said Memphis division and the other demised premises, and that it will indemnify and save it harmless from any action or suit or penalty by any State or by any person or corporation or other authority arising out of or founded on any act or omission of the party of the second part in or about the management or operation of said Memphis division and the other property hereby demised. (2) And the party of the second part shall and will also pay and discharge all such valid debts and liabilities as shall have been incurred by the party of the first part or the Mississippi and Tennessee Railroad Company in the operation of said division of railroad prior to the third day of April, 1889, and which shall not then have been otherwise provided for when and as the same shall become due and payment thereof shall be demanded by the parties entitled thereto. It being understood and expressly provided, however, that this engagement does not extend or apply to any part of the funded debt of the Mississippi and Tennessee Railroad Company or of the said party of the first part, except as next hereinafter stated, nor to any indebtedness or liabilities except such as shall have been contracted in the usual course of business in the regular and ordinary operation of the said railroad. (3) And also the party of the second part, as further consideration for this lease, doth hereby bind itself to pay and discharge at maturity the principal and interest of three million five hundred thousand dollars of mortgage bonds of the party of the first part issued or to be issued under a mortgage made by said party of the first part to the United States Trust Company of New York upon the premises hereby leased and dated on the third day of April, 1889, which said mortgage is about to be registered in Shelby County, Tennessee, and the other counties in which the demised premises are situated; and the party of the second part will put its guarantee of the payment of the principal and interest thereof upon each of said bonds of the tenor and effect following, to wit, for value received the Illinois Central Railroad Company hereby guarantees the punctual payment of the principal and the interest of the within first mortgage; Memphis division bond of the Chicago, St. Louis and New Orleans Railroad Company for one thousand dollars, as therein provided. In testimony whereof the corporate seal of said Illinois Central Railroad Company is hereto affixed and attested by its secretary by order of the board of directors this fourth day of April,1889. And the party of the second part will promptly pay the coupons or interest on each of said bonds as they mature and the principal thereof at maturity, and will indemnify and hold harm-

less the party of the first part from any and all suits, costs, lawyer's fees, and damages which it may be subjected to by reason of any failure of the party of the second part to pay the same or any part thereof when due according to the terms of said guarantee. (4) And the said party of the second part will & shall during the continuance of this lease also punctually pay or cause to be paid all taxes and assessments that may be lawfully levied, charged, or assessed on said demised premises or any part thereof, and any & all privilege taxes during this lease that may be legally assessed on the right or franchise of operating said Memphis division and the taking toll therefor. (5) The party of the second part further covenants and agrees to & with the party of the first part that it will on the expiration of the term hereby granted surrender to the party of the first part, its successors and assigns, all and singular the said demised premises, with the appurtenances in as good plight and condition as the same shall be in when possession thereof shall be delivered to the said party of the second part. Provided the said party of the first part, its successors or assigns, shall then pay to the party of the second part, its successors or assigns, whatever sums of money may have been advanced by it or them, if any, during the continuance of this lease for the benefit or accommodation of the party of the first part on its written request over and above the payment and advances which the said party of the second part is bound to make by the terms of this lease, and which shall then remain unpaid, and it is hereby agreed by the parties hereto that the said party of the second part, its successors and assigns, may retain possession of the said demised premises and the appurtenances after the expiration of the term hereby granted and hold the same and every part thereof as mortgagees in possession with full power to use and operate the same until the sums so advanced upon the written request of the party of the first part and still remaining unpaid with interest thereon at the rate of five per centum per annum shall have been fully paid & discharged by the net income of said demised premises or otherwise.

Fourth. That a schedule or inventory of all the real and personal property hereby demised coming into the possession of the party of the second part pursuant to the terms of this lease shall be made out as soon as practicable by the superintendents of the respective parties thereto, and duplicate copies thereof shall be signed by them and one copy thereof shall be delivered to each of the parties hereto.

Fifth. The party of the first part covenants and agrees with the parties of the second part that if the party of the second part on paying, keeping, and performing all its obligations, covenants and agreements herein contained, on its part to be paid, kept, or performed shall & may peaceably and quietly have, hold, and enjoy the said demised premises and every part and parcel thereof with the appurtenances for & during the said term of years hereby granted without any interruption or disturbance from the said party of the first part, its successors or assigns, or any other person or persons lawfully claiming by, from, or under it or them, or any of them.

Sixth. It is further understood and agreed that the covenants and agreements contained in this indenture shall be binding on the respective parties hereto and on their respective successors, legal representatives, and assigns, whether the same be so expressed in

each covenant or not. In witness whereof the parties hereto have each set their respective corporate names and seals, & each has caused these presents to be signed by its president & attested by its secretary on the day and year first above written.

CHICAGO, ST. LOUIS AND NEW ORLEANS RAILROAD COMPANY,
[Corporate seal.] By STUYVESANT FISH, *President.*

Attest:
E. T. H. GIBSON, *Secretary.*

ILLINOIS CENTRAL RAILROAD COMPANY,
[Corporate seal.] By STUYVESANT FISH, *President.*

Attest:
A. G. HACKSTAFF, *Secretary.*

STATE OF NEW YORK,
City and County of New York, ss.

Be it remembered that on this 4th day of April, A. D. 1889, before me, William H. Clarkson, a commissioner duly authorized, qualified, and commissioned to take the acknowledgment and probate of deeds, &c., for registration and use in the States of Tennessee and Mississippi, personally appeared Stuyvesant Fish, president, and E. T. H. Gibson, secretary of the Chicago, St. Louis & New Orleans Railroad Company, the within-named lessor, with each of whom I am personally acquainted, and who acknowledged that they signed, sealed, executed, & delivered the foregoing instrument on the day and year therein mentioned as their act and deed as the president & secretary of said company and the act and deed of said company for the purpose therein contained, and being duly sworn they did depose and say that they were the above described officers of said company. That the seal affixed to the foregoing instrument purporting to be the corporate seal of the said company was such corporate seal; that it was affixed thereto by order of the board of directors of said company, and that they signed their names thereto and executed the same by the like order.

In witness whereof I have hereunto set my hand and affixed my official seal this 4th day of April, A. D. 1889.

[SEAL.] WILLIAM H. CLARKSON,
Commissioner for the State of Tennessee in New York.

[SEAL.] WILLIAM H. CLARKSON,
Commissioner for the State of Mississippi in New York.

STATE OF NEW YORK,
City & County of New York, ss.

Be it remembered that on this the 4th day of April, A. D. 1889, before me, William H. Clarkson, a commissioner duly authorized, qualified, and commissioned to take the acknowledgment and probate of deeds, &c., for registration and use in the States of Tennessee & Mississippi, personally appeared Stuyvesant Fish, president, and A. G. Hackstaff, secretary of the Illinois Central Railroad Company, the within-named lessee, with each of whom I am personally acquainted, and who acknowledged that they signed, sealed, executed, & delivered the foregoing instrument on the day & year therein mentioned as their act and deed as president and secretary of said company and the act & deed of said company for the purposes therein contained, and being duly sworn they did depose and say they were

the above described officers of said company; that the seal affixed to the foregoing instrument purporting to be the corporate seal of said company was such corporate seal; that it was affixed thereto by the order of the board of directors of said company, and that that they signed their names thereto by the like order.

In witness whereof I have hereunto set my hand and affixed my official seal this 4th day of April, A. D. 1889.

[SEAL.] WILLIAM H. CLARKSON,
Commissioner for the State of Tennessee in New York.

[SEAL.] WILLIAM H. CLARKSON,
Commissioner for the State of Mississippi in New York.

Exemplification of record.

THE STATE OF MISSISSIPPI,
County of Grenada, ss.

I, J. S. King, clerk of the chancery court in and for taid county and State, do hereby certify that the foregoing fifteen written (15) pages contain a true and correct copy of a lease made by the Chicago, St. Louis and New Orleans Railroad Company of its Memphis division to the Illinois Central Railroad Company, as the same appears of record in my office on deed record book No. P, page 14, of the records of land in my said office.

Given under my hand and the seal of said chancery court hereto at office affixed in the city Grenada, Miss., this 25 day of July, A. D. 1902.

[SEAL.] J. S. KING, *Clerk.*
By JNO. S. KING, Jr.

As to the allegation that the difference between the sum of capital stock and funded debt per mile of road and the cost of road and equipment per mile of road, as entered in the last annual statement rendered to the railroad commission of Mississippi, represents "water" in the capitalization:

Page 2 reads:

	Total amount outstanding.	Amount per mile of line.	
		Miles.	Amount.
Capital stock	$35,000,000	1,825.24	$58,478
Bonds	64,705,525	2,588.04	25,294
	$139,743,525		83,772

Page 29 reads:

Total cost of road and equipment to June 30, 1903	$84,249,030.14
Cost per mile	51,837.90

It has been suggested that the difference between the amount per mile of road of the sum of capital stock and funded debt, $83,772, and the cost of road and equipment per mile of road, $51,837.90, namely, $31,934.10, is simply "water."

Taking page 25, we note that the mileage covered by capital stock and bonds is different and that the amounts per mile of road for capital stock and for bonds are added together and given as the amount

per mile of road of the sum of capital stock and bonds. This latter figure is not correct, for the simple reason that the mileage represented by the capital stock and bonds, respectively, is not the same, but the Interstate Commerce Commission has directed that its report be made up in this manner, and this portion of the Mississippi report is a copy of the Interstate Commerce Commission's report. If the mileage represented by the capital stock and bonds were the same, the addition of the amount per mile of road of bonds to the amount per mile of road of capital stock would be the amount per mile of road of both combined.

On page 19 of the Mississippi report is given a detailed statement of the funded debt, and on page 57 of the same report is given a statement of the security for same. From these two pages we obtain the following figures to be used in connection with amount shown for bonds on page 25:

Railroad mortgaged.	Amount issued.	Miles mortgaged.
Illinois Central Railroad proper	$13,000,000	705.30
Litchfield Division	3,148,000	97.39
Springfield Division	2,000,000	111.67
Kankakee & Southwestern Railroad	968,000	131.26
	19,116,000	1,045.82

These 1,045.82 miles are also contained in the 1,625.24 miles represented by capital stock, as shown on page 25, so that the actual mileage covered by capital stock and bonds combined is 1,625.24 + 2,558.04 − 1,045.82 = 3,137.46 miles.

Hence the actual amount per mile of road of the sum of capital stock and bonds is $159,743,525, divided by 3,137.46 = $50,914.92, which is the amount that should be used on page 25 instead of $83,772.

This amount, $50,914.92, should not be taken in comparing the sum of capital stock and funded debt per mile of road with the cost of road and equipment per mile of road on page 29, because page 29 represents the cost of that portion of the Illinois Central Railroad system covered by capital stock, 1,625.24 miles, which is all north of the Ohio River.

The correct figures to be used in the comparison are as follows:

Railroad represented by capital stock:	
Number of miles	1,625.24
Capital stock	$95,040,000
Funded debt	$19,116,000
Sum of capital stock and funded debt	$114,156,000
Cost of road and equipment	$84,249,030.14
Capital stock and bonds per mile of road	$70,239.47
Cost of road and equipment per mile of road	$51,837.90
Difference	$18,401.57

The difference of $18,401,57 per mile of road is easily accounted for by the fact that the amount of capital stock and bonds was not alone expended in construction and equipment, but also in the purchase of stocks and bonds to obtain control of subsidiary companies and in providing a working capital, which appears in the available assets of the company. The amount per mile of road of cost of road and

equipment, stocks owned, bonds owned, and other assets is in excess of $70,239.47. There is no reason for the suggestion that the difference between the sum of the capital stock and funded debt and the cost of road and equipment is simply "water" unless the stocks owned, bonds owned, and other assets are "water" instead of being very tangible matter.

Statement of Ill. Cent. Ry. showing net profits after deducting from net income the following fixed charges. Interest on bond & loan rentals.

	1896.		1900.
Net income	10,010,388	Net income	13,676,162
Fixed charges	6,924,663	Fixed charges	7,918,888
	3,085,725		5,657,274
	1897.		1901.
	9,591,189		15,153,965
	6,812,638		8,186,305
	2,778,551		6,967,660
	1898.		1902.
	12,191,132		16,358,495
	7,802,477		6,568,034
	4,388,655		[a] 9,790,461
	1899.		1903.
	12,492,486		18,811,340
	8,160,984		8,081,948
	4,331,502		10,729,392

[Memorandum to be inserted in lieu of exhibit.]

53rd Annual Report Illinois Central Railroad Company for year ending June 30th, 1903, omitted in printing on account of its volume, and because the principal matters referred to therein are on file with the Interstate Commerce Commission, and may be referred to by counsel on the hearing of this cause under the stipulation of July 14, 1905.

[Green & Green, attorneys at law, Jackson, Miss. Marcellus Green, Garner Wynn Green.]

JACKSON, MISS., *Feb. 23rd, 1904.*

Judge MARTIN A. KNAPP,
Chairman Interstate Commerce Commission, Washington, D. C.

DEAR SIR: In course of argument in the Central Yellow Pine Association against the Illinois Central Railroad Co. I was led into an error of statement in saying that the Illinois Central R. R. Co.'s earnings for 1902 to 1903 upon its capital stock of $95,040,000 was 19% plus 6%, equals 25%. This was an error, and I desire to correct it at as early a moment as practicable, so that the court may not be misled by the statement. I would esteem it a favor if you would set the matter straight with your associate Commissioners and thereby greatly oblige me. I regret the error and hasten to correct the statement.

With assurances of the highest personal esteem, I am, yours, truly,

MARCELLUS GREEN.

[a] Error. See corrected exhibit filed with letter Jany. 22, 1904.

EXHIBITS FILED BY F. B. BOWES, AND OTHER UNIDENTIFIED EXHIBITS PERTAINING TO FINANCIAL AND TRAFFIC MATTERS OF ILLINOIS CENTRAL RAILROAD.

ILLINOIS CENTRAL RAILROAD,
At Washington, March 15, 1904.

Mr. ED. A. MOSELEY,
Secry. I. C. C., Washington, D. C.

DEAR SIR: In the hearing of the Central Yellow Pine Lumber Association vs. I. C. Railroad et al., held at Washington a few weeks ago, I testified to the average loading per car of lumber on three hundred carloads forwarded over our line, and which were weighed on track scales at Jackson, Miss., the average weight being 45,314 pounds. The statement did not show the car numbers, the kind of cars, or the capacity of same, and at the request of our counsel, the Hon. Ed. Baxter, I stated I would have this information supplied and filed with the Commission.

I now inclose the original statement referred to, but on account of being unable to show the capacity of fourteen foreign cars the result is shown as applicable to 286 cars, and on the sheet next attached a summary of the capacity and loading is shown, the former average being 67,535 pounds, the latter 45,022 pounds, or the average loading being, as you will see, exactly two-thirds of the capacity of the cars.

Yours, truly,

F. B. BOWES,
Assistant Traffic Manager.

	Capacity of cars.	Loaded.		Capacity of cars.	Loaded.
Page 1	2,200,000	1,501,800	Page 7	2,290,000	1,592,100
" 2	2,345,000	1,461,200	" 8	2,120,000	1,394,400
" 3	2,390,000	1,539,250	" 9	1,400,000	812,800
" 4	2,310,000	1,651,400		19,315,000	12,876,400
" 5	2,340,000	1,552,000			
" 6	1,920,000	1,371,450			

Figured on capacity and loading of 286 cars. Capacity in excess of loading by 6,438,600 lbs., or 33.3 per cent.

Average capacity per car	67,535 lbs.
Average loading per car	45,022 lbs.
Average excess per car	
Capacity over loading	22,513 lbs.

Illinois Central Railroad Company.—Income from traffic for the years ended June 30th, 1903 and 1902.

	This year.	Last year.	Increase.	Decrease.
Miles operated	4,301	4,284	17	
Gross receipts from traffic	$45,186,076	$40,821,030	$4,365,046	
Less operation expenses and taxes	31,697,955	28,014,340	3,683,615	
Excess of receipts over operation expenses and taxes	13,488,121	12,806,690	681,431	

The gross receipts from traffic for the month of July, 1903, are estimated at	$3,805,203
The receipts for July, 1902, were	3,348,770
Estimated increase	456,433

97th semiannual cash dividend.

A dividend of three per cent in cash has been declared upon the capital stock of the Illinois Central Railroad Company, payable September 1st, 1903, to stockholders of record on July 31st, 1903. Transfer books reopen August 15th, 1903.

Dividend cheques will be mailed to stockholders who have filed mailing orders at the company's office, No. 214 Broadway, New York.

ALEXANDER G. HACKSTAFF, *Third Vice-President.*

NEW YORK, *August 10th, 1903.*

Illinois Central Railroad Company.—Income from traffic for the month of July, 1903 and 1902.

	This year.	Last year.	Increase.	Decrease.
Miles operated	4,296	4,284	12	
Gross receipts from traffic	$3,822,203	$3,348,770	$473,433	
Less operation expenses and taxes	2,989,038	2,615,148	373,890	
Excess of receipts over operation expenses and taxes	833,165	733,622	99,543	

The gross receipts from traffic for the month of August, 1903, are estimated at	$4,014,743
The receipts for August, 1902, were	3,400,469
Estimated increase	614,274

For the purpose of the annual meeting of stockholders, to be held in Chicago, October 21, 1903, the stock-transfer books will close at 3 p. m. on Tuesday, September 29, 1903, and will reopen on the morning of Thursday, October 22, 1903.

ALEXANDER G. HACKSTAFF, *Third Vice-President.*

NEW YORK, *September 10th, 1903.*

Illinois Central Railroad Company.—Income from traffic for the two months ended August 31st, 1903 and 1902.

	This year.	Last year.	Increase.	Decrease.
Miles operated	4,328	4,284	44	
Gross receipts from traffic	$7,793,305	$6,749,239	$1,044,066	
Less operation expenses and taxes	6,071,421	5,296,271	775,150	
Excess of receipts over operation expenses and taxes	1,721,884	1,452,968	268,916	

The gross receipts from traffic for the month of September, 1903, are estimated at	$3,830,602
The receipts for September, 1902, were	3,734,456
Estimated increase	96,146

ALEXANDER G. HACKSTAFF, *Third Vice-President.*

NEW YORK, *October 10th, 1903.*

Illinois Central Railroad Company—Income from traffic for the three months ended September 30th, 1903 and 1902.

	This year.	Last year.	Increase.	Decrease.
Miles operated	4,328	4,284	44	
Gross receipts from traffic	$11,797,268	$10,483,695	$1,313,573	
Less operation expenses and taxes	9,151,593	7,975,424	1,176,169	
Excess of receipts over operation expenses and taxes	2,645,675	2,508,271	137,404	

The gross receipts from traffic for the month of October, 1903, are estimated at	$4,158,045
The receipts for October, 1902, were	4,044,809
Estimated increase	113,236

ALEXANDER G. HACKSTAFF, *Third Vice-President.*

NEW YORK, *November 10th, 1903.*

Illinois Central Railroad Company—Income from traffic for the four months ended October 31st, 1903 and 1902.

	This year.	Last year.	Increase.	Decrease.
Miles operated	4,328	4,284	44	
Gross receipts from traffic	$16,154,601	$14,528,503	$1,626,098	
Less operation expenses and taxes	12,273,666	10,661,931	1,611,735	
Excess of receipts over operation expenses and taxes	3,880,935	3,866,572	14,363	

The gross receipts from traffic for the month of November, 1903, are estimated at	$4,103,151
The receipts for November, 1902, were	3,741,379
Estimated increase	361,772

ALEXANDER G. HACKSTAFF, *Third Vice-President.*

NEW YORK, *December 10th, 1903.*

Illinois Central Railroad Company—Income from traffic for the six months ended December 31st, 1903 and 1902.

	This year.	Last year.	Increase.	Decrease.
Miles operated	4,328	4,301	27	
Gross receipts from traffic	$24,032,382	$22,056,985	$1,975,397	
Less operation expenses and taxes	17,670,547	15,538,109	2,132,438	
Excess of receipts over operation expenses and taxes	6,361,835	6,518,876		$157,041

The gross receipts from traffic for the month of January, 1904, are estimated at	$3,580,313
The receipts for January, 1903, were	3,777,861
Estimated decrease	197,548

98th semiannual cash dividend.

A dividend of three per cent in cash has been declared upon the capital stock of the Illinois Central Railroad Company, payable March 1st, 1904, to stockholders of record, on February 1st, 1904. Transfer books reopen February 19th, 1904.

Dividend cheques will be mailed to stockholders who have filed mailing orders at the company's office, No. 214 Broadway, New York.

ALEXANDER G. HACKSTAFF, *Third Vice-President.*

NEW YORK, *February 9th, 1904.*

Illinois Central Railroad Company—Income from traffic for the seven months ended January 31st, 1904 and 1903.

	This year.	Last year.	Increase.	Decrease.
Miles operated	4,328	4,301	27	
Gross receipts from traffic	$27,683,552	$25,834,846	$1,848,706	
Less operation expenses and taxes	20,468,380	18,100,820	2,367,560	
Excess of receipts over operation expenses and taxes	7,215,172	7,734,026	.....	$518,854

The gross receipts from traffic for the month of February, 1904, are estimated at	$3,735,996
The receipts for February, 1903, were	3,465,285
Estimated increase	270,711

ALEXANDER G. HACKSTAFF, *Third Vice-President.*

NEW YORK, *March 9th, 1904.*

Illinois Central Railroad Company—Income from traffic for the seven months ended January 31st, 1904 and 1903.

	This year.	Last year.	Increase.	Decrease.
Miles operated	4,328	4,301	27	
Gross receipts from traffic	$27,683,552	$25,834,846	$1,848,706	
Less operation expenses and taxes	20,468,380	18,100,820	2,367,560	
Excess of receipts over operation expenses and taxes	7,215,172	7,734,026	.....	$518,854

The gross receipts from traffic for the month of February, 1904, are estimated at	$3,735,996
The receipts for February, 1903, were	3,465,285
Estimated increase	270,711

ALEXANDER G. HACKSTAFF, *Third Vice-President.*

NEW YORK, *March 9th, 1904.*

Illinois Central Railroad Company—Income from traffic for the five months ended November 30th, 1903 and 1902.

	This year.	Last year.	Increase.	Decrease.
Miles operated	4,328	4,284	44	
Gross receipts from traffic	$20,226,232	$18,269,883	$1,956,349	
Less operation expenses and taxes	14,991,821	13,179,970	1,811,851	
Excess of receipts over operation expenses and taxes	5,234,411	5,089,913	144,498	

The gross receipts from traffic for the month of December, 1903, are estimated at	$3,814,064
The receipts for December, 1902, were	3,787,102
Estimated increase	26,962

ALEXANDER G. HACKSTAFF, *Third Vice-President.*

NEW YORK, *January 9th, 1904.*

Illinois Central Railroad Company—Income from traffic for the five months ended November 30th, 1903 and 1902.

	This year.	Last year.	Increase.	Decrease.
Miles operated	4,328	4,284	44	
Gross receipts from traffic	$20,226,232	$18,269,883	$1,956,349	
Less operation expenses and taxes	14,991,821	13,179,970	1,811,851	
Excess of receipts over operation expenses and taxes	5,234,411	5,089,913	144,498	

The gross receipts from traffic for the month of December, 1903, are estimated at	$3,814,064
The receipts for December, 1902, were	3,787,102
Estimated increase	26,962

ALEXANDER G. HACKSTAFF, *Third Vice-President.*

NEW YORK, *January 9th, 1904.*

ILLINOIS CENTRAL RAILROAD,
At Washington, D. C., March 15, 1904.

Mr. ED. A. MOSELEY,
Secretary I. C. C., Washington, D. C.

DEAR SIR: In the hearing of the Central Yellow Pine Lumber Association against the I. C. et al., I filed as part of my testimony a schedule of rates from various producing points to twenty-one points of destination in the Central Freight Association, marked "Exhibit A." Upon discovering that the distance shown on the schedule from Arkansas to Detroit was incorrect, I stated to the honorable Commission, as well as to plaintiff's counsel, that I would like very much to have the exhibit referred to checked over carefully to see whether any other errors existed therein, and this was satisfactory to both the Commission and plaintiff's counsel. Accordingly I have had the statement carefully checked and revised and now submit herewith a corrected schedule, which should be substituted in place of the original schedule filed by me and referred to above.

Yours, truly,

F. B. BOWES,
Assistant Traffic Manager.

15.

Exhibit A (corrected) to Mr. Bowes' testimony.

(Page 96.)

Comparative statement showing rates in cents per 100 lbs., mileages, their relative carrying charges in mills per ton per mile, on lumber, carloads, to various points in Illinois, Michigan, Indiana, Ohio, etc., from the following territories: Southern Yellow-Pine District, McComb, Miss., being representative basing point; Arkansas-Louisiana Shortleaf Pine District, Texas Longleaf Pine District, Wisconsin White Pine District, groupings being made of representative shipping points defined below; Pacific Coast Fir Lumber District, rates being shown from Portland, Oreg.

From	Southern Pine District.			Ark.-La. (Shortleaf Pine District).			Texas (Longleaf Pine District).			Pacific Coast Fir District.			Northern Wisconsin District.			Central and Western Wisconsin Districts.			Recapitulation showing average of Wis. Dists.		
To—	Rate.	Mileage.	Charges in mills per ton per mile.	Rate.	Mileage.	Charges in mills per ton per mile.	Rate.	Mileage.	Charges in mills per ton per mile.	Rate.	Mileage.	Charges in mills per ton per mile.	Rate.	Mileage.	Charges in mills per ton per mile.	Rate.	Mileage.	Charges in mills per ton per mile.	Rate.	Mileage.	Charges in mills per ton per mile.
Cairo, Ill	16	448	6.2	16	376	7.4	16	636	4.4	59	2,360	5	24	774	6.2	22.5	680	6.6	23.2	727	6.4
Chicago, Ill	*14		5.3																		
	26	807	5.9	26	741	6.5	26	989	4.9	50	2,289	4.4	11.5	409	5.6	10	315	6.3	10.7	362	5.9
Peoria, Ill	*24		5.4																		
	25	729	6.3	25	659	7	25	909	5	50	2,188	4.5	17.5	525	6.7	15	430	7	16.3	478	7
Mt. Vernon, Ill	*23		5.8																		
	20	555	6.5	23	483	8.7	26	743	6.4	57.5	2,288	5	19.5	691	5.6	17.5	586	6	18.5	639	5.8
E. St. Louis, Ill	*18		5.8																		
	20	596	6	19.5	522	6.5	19.5	708	5.1	52.5	2,212	4.7	19.5	690	5.6	17.5	590	5.9	18.5	640	5.8
Madison, Ill	*18		5.4																		
	20	600	6	19.5	526	6.5	19.5	712	5.1	55	2,214	5	19.5	686	5.7	17.5	594	5.9	18.5	640	5.8
Indianapolis, Ind	*18		5.3																		
	26	723	6.6	26	651	7.4	26	911	5.2	58	2,435	4.8	18.5	593	6.2	18	499	7.2	18.3	546	6.7
Michigan City, Ind	*24		6.1																		
	28	831	6.3	28	759	6.8	28	1,019	5.1	55	2,326	4.7	15.5	465	6.7	14	371	7.5	14.8	418	7
Fort Wayne, Ind	*24		5.3																		
	29	807	6.2	29	770	7	29	1,055	5.1	58	2,391	4.8	18.5	557	6.6	18	471	7.6	18.3	514	7.1
Jeffersonville, Ind	*27		5.8																		
	23	645	6.8	24.5	641	7	26	901	5.3	60.5	2,483	4.9	23.5	711	6.6	22	626	7	22.8	668	6.8
Louisville, Ky	*21		6.2																		
	21	642	6.5	24.5	640	7.3	27	900	5.6	61.5	2,486	4.9	24.5	714	6.3	23	627	6.7	23.8	670	5.5
Columbus, O	*19		5.9																		
	29	907	6.2	29	843	6.4	29	1,103	4.9	60	2,557	4.7	21	723	5.8	20	637	6.3	20.5	680	6
	*27		5.8																		

Dayton, O.	27.5	833	6.1	28	811	6.4	28	1,057	5	61	2,509	4.8	21	673	6.2	20	588	6.8	20.5	630	6.5
	*24		5.3																		
Cleveland, O.	31	1,046	5.5	31	974	6	31	1,230	4.8	60	2,580	4.6	21	735	5.7	20	653	6.1	20.5	694	6
	*29		5.1																		
Cincinnati, O.	23	787	5.6	27	752	6.6	27	1,012	4.9	60.5	2,510	4.8	21	708	5.9	20	614	6.5	20.5	661	6.2
	*21		5.1																		
Toledo, O.	30	959	5.8	30	890	6.3	30	1,119	5	59	2,533	4.6	20	622	6.4	19	539	7	19.5	580	6.7
	*28		5.4																		
Buffalo, N. Y.	33	1,229	5	34	1,157	5.5	34	1,417	4.5	62.5	2,768	4.5	23.5	838	5.6	22.5	763	6	23	800	5.8
	*31		4.7																		
Pittsburg, Pa.	33	1,098	5.6	34	1,026	6.2	34	1,286	5	62.5	2,711	4.6	23.5	877	5.4	22.5	791	5.7	23	839	5.5
	*31		5.3																		
Grand Rapids, Mich.	30	990	5.8	30	892	6.3	30	1,152	4.9	58	2,460	4.7	17.5	458	7.4	17.25	383	9	17.4	420	8.3
	*28		5.4																		
Lansing, Mich.	30	985	5.9	30	912	6.1	30	1,162	4.8	58	2,487	4.6	18.5	523	7	18	448	8	18.3	508	7.5
	*28		5.5																		
Detroit, Mich.	30	1,018	5.5	30	941	6	30	1,164	4.8	59	2,561	4.6	20	575	6.9	19	498	7.6	19.5	536	7.3
	*28		5.1																		

* Rates prefixed thus (*) are figures in effect prior to April 15, 1903.

Average carrying charge in mills per ton per mile from Southern Pine District	On basis of old rates	5.5
	On basis advances	6
Average carrying charge from Pacific Coast		4.7
Average carrying charge from Arkansas-Louisiana Shortleaf Pine District		6.7
Average carrying charge from Texas Longleaf Pine District		5
Average carrying charge from Wisconsin		6.5

Wisconsin White Pine shipping points from which rates are averaged, as shown above.

Northern District.		*Central & Western District.*
Ashland.	Wausau.	Eau Claire.
Odanah.	Tomahawk.	Chippewa Falls.
Ladysmith.	Merrill.	

Arkansas-Louisiana Shortleaf Pine shipping points from which rates are averaged, as shown above.

Texarkana, Ark.	Pine Bluff, Ark.
Shreveport, La.	Fordyce, Ark.
Lewisville, Ark.	Bradley, La.
Camden, Ark.	Benton, La.
Thornton, Ark.	Plain Dealing, La.

Texas Longleaf Pine shipping points from which rates are averaged, as shown above.

Forrest, Tex.	Keltys, Tex.
Wells, Tex.	Lufkin, Tex.
Clawsons, Tex.	Monterey, Tex.

CHICAGO, ILL., *March 11, 1904.*

Difference between short and long leaf pine.

From / To—	Southern Pine District.			Ark.-La. Shortleaf Pine District.			Texas Longleaf Pine District.			Pacific Coast Fir District.			Northern Wisconsin District.			Central and Western Wisconsin Districts.					
	Rate.	Mileage.	Mills per ton.	Rate.	Mileage.	Mills per ton.	Rate.	Mileage.	Mills per ton.	Rate.	Mileage.	Mills per ton.	Rate.	Mileage.	Mills per ton.	Rate.	Mileage.	Mills per ton.	Rate.	Mileage.	
East Cairo, Ky	16	442	7.2	16	376	8.5	16	636	5.0	59	2,360	5.0	24	849	5.7	22.5	686	6.6	23.2	767	6.1
	*14		6.5																		
Chicago, Ill	26	807	6.4	26	703	7.4	26	989	5.3	50	2,243	4.5	11.5	431	5.3	10	323	6.2	10.7	377	5.7
	*24		5.9																		
Peoria, Ill	25	729	6.9	25	659	7.6	25	892	5.6	50	2,188	4.6	17.5	342	10.2	15	430	7.0	16.3	386	8.4
	*23		6.3																		
Mt. Vernon, Ill	20	555	7.2	23	483	9.5	26	743	7.0	57.5	2,288	5.0	19.5	747	5.2	17.5	586	6.0	18.5	667	5.5
	*18		6.5																		
E. St. Louis, Ill	20	596	6.7	19.5	522	7.5	19.5	708	5.5	52.5	2,212	4.7	19.5	702	5.6	17.5	590	5.9	18.5	646	5.7
	*18		6.0																		
Madison, Ill	20	600	6.7	19.5	526	7.4	19.5	712	5.5	55	2,214	5.0	19.5	706	5.5	17.5	594	5.9	18.5	650	5.7
	*18		6.0																		
Indianapolis, Ind	26	723	7.2	26	651	8.0	26	911	5.7	58	2,435	4.8	18.5	649	5.7	18	516	7	18.3	582	6.3
	*24		6.6																		
Michigan City, Ind	28	878	6.4	28	759	7.4	28	1,019	5.5	55	2,299	4.8	15.5	540	5.7	14	379	7.4	14.8	460	6.4
	*24		5.5																		
Fort Wayne, Ind	29	849	6.8	29	770	7.5	29	1,047	5.5	58	2,391	4.8	18.5	585	6.3	18	471	7.6	18.3	528	6.9
	*27		6.4																		
Jeffersonville, Ind	23	645	7.1	24.5	641	7.6	26	901	5.8	60.5	2,526	4.8	23.5	756	6.2	22	626	7	22.8	691	6.6
	*21		6.5																		
Louisville, Ky	21	642	6.5	24.5	640	7.7	27	900	6.0	61.5	2,527	4.9	24.5	757	6.5	23	627	7.5	23.8	692	6.9
	*19		5.9																		
Columbus, O	29	876	6.6	29	675	8.6	29	1,128	5.1	60	2,557	4.7	21	728	5.8	20	637	6.3	20.5	683	6.0
	*27		6.2																		
Dayton, O	27.5	815	6.7	28	811	6.9	28	1,057	5.3	61	2,509	4.9	21	722	5.8	20	588	6.8	20.5	655	6.3
	*24		5.9																		
Cleveland, O	31	1,019	6.1	31	844	7.3	31	1,230	5.0	60	2,580	4.7	21	759	5.5	20	560	7.1	20.5	660	6.2
	*29		5.7																		
Cincinnati, O	23	756	6.1	27	752	7.2	27	1,012	5.3	60.5	2,510	4.8	21	745	5.6	20	626	6.4	20.5	685	6.0
	*21		5.6																		
Toledo, O	30	959	6.3	30	890	6.7	30	1,119	5.4	59	2,477	4.8	20	650	6.2	19	539	7.0	19.5	595	6.6
	*28		5.8																		
Buffalo, N. Y	33	1,202	5.5	34	1,118	6.0	34	1,377	4.9	62.5	2,768	4.5	23.5	838	5.6	22.5	750	6.0	23	794	5.8
	*31		5.2																		
Pittsburg, Pa	33	1,069	6.2	34	1,070	6.4	34	1,321	5.1	62.5	2,711	4.6	23.5	896	5.2	22.5	791	5.7	23	844	5.5
	*31		5.8																		

Grand Rapids, Mich.	30	990	*6.1*	30	892	*6.7*	30	1,107	*5.4*	58	2,425	4.8	17.5	458	*7.6*	17.25	351	9.8	17.4	405	*8.6*
	*28		*5.7*																	
Lansing, Mich.	30	985	*6.1*	30	902	*6.6*	30	1,162	*5.2*	58	2,487	4.7	18.5	523	7.1	18	420	8.6	18.3	472	7.8
	*28		*5.7*																	
Detroit, Mich.	30	1,018	*5.9*	30	759	*7.9*	30	1,164	*5.2*	59	2,515	4.7	20	602	6.6	19	498	7.6	19.5	550	7.1
	*28		*5.5*																	

* Rates prefixed thus (*) are figures in effect prior to April 15, 1903.

Average carrying charge in mills per ton per mile from Southern Pine District { On basis of old rates 5.9
{ On basis advances 6.4

Average carrying charge from Pacific coast 4.8

" " " " Arkansas-Louisiana Shortleaf Pine District 7.8

" " " " Texas Longleaf Pine District *5.4*

" " " " Wisconsin 6.4

NOTE.—Figures in italics are in red ink in copy and are at variance with figures in original table.

NOTE.—Blank headings at end of table are mutilated in copy.—ED.

Exhibit C to Mr.

(p. 100,

Statement of movement of pine lumber through Cairo and

[Shown in

From—	To—	January.		February.		March.		April.		May.		June.	
		1903.	1902.	1903.	1902.	1903.	1902.	1903.	1902.	1903.	1902.	1903.	1902.
Alabama	Various	7	8	6		11	5	10	17	15	19	11	2
	East St. Louis	2	7				2				6	1	
	Chicago	14	2	3		3	3	3	10	3	9	9	
	Peoria	3						2			1	1	2
	Decatur	1											
		26		9		14		15		18		22	
			17				10		27		35		13
Florida	Various							1		6	1		
	East St. Louis												
	Chicago												
	Peoria												
	Decatur												
								1				1	
										6			
Georgia	Various	21	15	48	15	53	13	77	30	25	31	17	19
	East St. Louis	1	2		3	1			1	1	8		1
	Chicago	16	31	12	12	8	30	6	43	6	52	14	23
	Peoria		4					2	1	1		4	
	Decatur									1	1		1
		38		60		62		85		44		35	
			52		30		33		75		92		46
Louisiana (east of Mississippi River).	Various	62	67	35	84	110	108	104	107	103	119	126	101
	East St. Louis	8	12	12	9	11	34	1	74	7	73	4	9
	Chicago	17	36	22	58	35	29	25	24	19	29	21	30
	Peoria		1		3		6	4	5	1	3	3	2
	Decatur								1	1			
		87		69		156		135		131		154	
			116		154		177		211		224		140
Mississippi	Various	493	486	381	640	834	708	1,040	667	1,099	734	936	670
	East St. Louis	313	163	207	230	257	316	485	268	449	441	131	317
	Chicago	313	314	195	368	490	324	395	295	292	334	350	294
	Peoria	52	24	46	36	78	34	64	40	76	57	84	35
	Decatur	13	3	3	4	5	5	10	5	11	5	5	7
		1,184		832		1,064		2,003		1,925		1,515	
			960		1,238		1,387		1,185		1,571		1,329
Totals, 1903		1,335		970		1,806		2,239		2,118		1,726	
Totals, 1902			1,175		1,422		1,607		1,409		1,928		1,536
Increase 1903 over 1902													

Bowes' testimony.

testimony.)

Mounds, Ill., for year 1903, as compared with 1902.

carloads.]

July.		August.		September.		October.		November.		December.		Totals.		1903.	
1903.	1902.	1903.	1902.	1903.	1902.	1903.	1902.	1903.	1902.	1903.	1902.	1903.	1902.	Increase.	Decrease.
3	6	5	12	16	3	10	2	4	10	1	13	99	97	2	
	2	5	5									8	24		16
10	4	1	7	2	3	3				1	5	52	50	2	
	2	1	1		2						1	7	9		2
					1								1		1
13		12		18		13		4		2		166			
	14		25		9		2		10		19		181		
1												2	7		5
				1								1		1	
1				1								3	7		
17	13	25	15	13	25	24	19	26	33	17	53	373	281	92	
7			8			6	2					9	28		19
15	35	12	23	18	44	9	29	7	17	4	23	127	352		225
2	1			4		1		1				15	6	9	
												1	2		1
36		37		34		38		34		21		525			
	49		46		69		51		50		76		669		
514	89	81	89	64	100	60	105	72	68	26	60	1,387	1,097	290	
10	9	18	9	10	58	12	53	20	9	7	54	115	403		288
15	22	17	23	10	23	16	26	20	30	15	28	233	364		131
7		6	7	4	2	2	1		1	1	1	26	28		
		1						1	1	1		3	2		
546		121		88		90		113		74		1,704			
	120		122		183		186		109		143		1,893		
1,019	740	859	715	740	628	819	602	777	733	632	466	9,618	7,725	1,893	
449	398	417	373	390	372	219	265	307	251	164	235	3,604	3,540	64	
418	368	391	339	354	377	301	311	249	396	201	60	3,958	3,660	298	
103	45	90	60	60	96	50	48	50	48	36	32	807	525	282	
18	7	8	7	7	9	5	4	3	5	7	8	95	69	26	
2,607		1,765		1,367		1,394		1,380		1,040		18,082			
	1,469		1,494		1,452		1,230		1,393		781		15,519		
2,903		1,935		1,508		1,535		1,537		1,137		20,540			
	1,652		1,687		1,713		1,469		1,562		1,019		18,209		
														2,271 C. I. 12.4%	

Exhibit D, Mr. Bowes' testimony.

(p. 102, testimony.)

From Illinois Central R. R. pine district—Pine lumber, C. L.—Min. wt. 30,000 lbs., except as otherwise provided.

[In cents per 100 pounds.]

Effective.	To— Cairo, Ills.		E. St. Louis, Ills.		Chicago, Ills.		Cincinnati, Ohio.		Louisville, Ky.		Jeffersonville, Ind.		New Albany, Ind.		Evansville, Ind.		Henderson, Ky.	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Nov. 1, 1887			*23	†26														
Dec. 3, 1887									*23	†25								
Jany. 14, 1888							*25	†27										
Jany. 24, 1888													*26	†28				
Feby. 22, 1888											*26	†28						
Mar. 17, 1888															†24	†26		
Apr. 2, 1889	*19	†22			*27	†30												
May 1, 1889							†25	†27	†23	†25	†26	†28	†26	†28				
June 5, 1889			†23	†26														
Aug. 1, 1889	†17		†20		†24													
Jany. 24, 1890											†24	†27						
Sept. 14, 1891													†23	†26				
Oct. 4, 1891							†23	†26			†23	†26			†23	†26		
Mch. 9, 1892									†20	†23	†21	†24	†21	†24	†20	†23		
Sept. 11, 1892	†15																	
July 16, 1893	†16						†20		†18		†19		†19		†19		†18	
May 1, 1894	†13		†17		†22													
Sept. 1, 1894	13		17		22		20		18		19		19		19		18	
Apr. 11, 1896	†13		†17		†22		†20		†18		†19		†19		†20		†18	
Sept. 29, 1896															†19			
Sept. 1, 1898															†18			
Sept. 8, 1899	†14		†18		†23		†21		†19		†20		†20		†19		†19	
Jany. 1, 1900					†24													
Nov. 1, 1900											†21		†21					
Nov. 28, 1901	14		18		24		21		19		21		21		19		19	
May 26, 1902															20			
Apr. 15, 1903	16		20		26		23		21		23		23		22		21	

A—Box cars. B—Flat cars. * Minimum 22,000 lbs. † Minimum 24,000 lbs.

Compiled January 7, 1904.

Exhibit E to F. B. Bowes.

(p. 107, testimony.)

Statement of operating expenses and gross receipts, years ended June 30th, 1894 to 1903, both inclusive, with increase and percentage of increase of each.

ILLS. CENTRAL R. R. CO.

Year.	Operating expenses.	Amount. Inc.	Amount. Dec.	Percentage. Inc.	Percentage. Dec.
1894	$13,294,656.30				
1895	12,294,612.11		$1,000,044		7.5
1896	13,910,917.69	$1,616,305		13.1	
1897	14,683,943.68	773,026		5.5	
1898	17,363,057.11	2,679,114		18.2	
1899	18,203,282.26	840,225		4.8	
1900	21,377,615.49	3,174,333		17.4	
1901	24,251,677.56	2,874,062		13.4	
1902	26,248,122.98	1,996,445		8.2	
1903	29,835,883.35	3,587,761		13.6	
Total	$191,463,768.11	$17,481,271	$1,000,044		

Statement of operating expenses and gross receipts, years ended June 30th, 1894 to 1903, both inclusive, with increase and percentage of increase of each—Continued.

ILLS. CENTRAL R. R. CO.—Continued.

Year.	Gross receipts.	Amount.		Percentage.	
		Inc.	Dec.	Inc.	Dec.
1894	$20,657,493.78				
1895	19,056,994.18		$1,600,499		7.7
1896	22,902,842.35	$3,945,848		20.7	
1897	22,110,937.04	108,095		.49	
1898	27,317,820.00	5,206,883		23.5	
1899	28,114,690.00	1,796,870		6.58	
1900	32,611,967.00	4,497,277		15.59	
1901	36,900,493.00	4,288,493		13.1	
1902	40,821,693.00	3,920,570		10.6	
1903	45,186,076.86	4,365,046		10.6	
Total	$294,780,281.21	28,129,082	$1,600,499		

Exhibit F to Mr. Bowes' testimony.

(p. 121, testimony.)

On a shipment originating on the Gulf & Ship Island R. R., destined to Columbus, O., the I. C. R. R. would receive between Jackson, Miss., and Evansville, Ind., 3.69 mills; between Jackson, Miss., and Louisville, Ky., 3.02 mills.

On a shipment originating on the Gulf & Ship Island R. R., destined to Indianapolis, Ind., the I. C. R. R. would receive between Jackson, Miss., and Evansville, Ind., 4.47 mills per ton per mile; between Jackson, Miss., and Louisville 3.36 mills per ton per mile.

On a shipment of lumber from McComb City, Miss., via the I. C. R. R., through Louisville to Columbus, O., the I. C. R. R. would receive 4.75 mills per ton per mile. If same shipment moved via Evansville, the I. C. R. R. would receive up to Evansville 5.56 mills per ton per mile.

The through rate from Hattiesburg, Miss., to Decatur, Ill., is 25 cents, and out of said rate the I. C. R. R. receives between Jackson, Miss., and East Cairo, 7 cents, which yields 3.86 mills per ton per mile.

The through rate from Hattiesburg, Miss., to Indianapolis, Ind., is 26 cents, and out of said rate the I. C. R. R. receives between Jackson, Miss., and Evansville, Ind., 11½ cents, which yields it a rate per ton per mile of 4.47 mills.

The through rate from Hattiesburg, Miss., to Columbus, O., is 29 cents, and out of said rate the I. C. R. R. receives between Jackson, Miss., and Evansville, Ind., 9½ cents, which yields 3.69 mills.

The through rate from Hattiesburg, Miss., to Indianapolis, Ind., is 26 cents, and out of said rate the I. C. R. R. receives between Jackson, Miss., and Louisville, Ky., 10 cents, which yields a rate per ton per mile of 3.36 mills.

The through rate from Hattiesburg, Miss., to Columbus, O., is 29 cents, and out of said rate the I. C. R. R. receives between Jackson, Miss., and Louisville, Ky., 9 cents, which yields a rate per ton per mile of 3.02 mills.

The combined line of the G. & S. I. and I. C. R. R. would earn on all business to East Cairo, including of course Decatur, Ill., 6.18 mills.

The combined line of the G. & S. I. and I. C. R. R., up to Evansville, on business from Hattiesburg to Indianapolis, would earn 6.11 mills.

The combined line of the G. & S. I. and I. C. R. R., up to Evansville, on business from Hattiesburg, Miss., to Columbus, O., would earn 5.45 mills.

The combined line of the G. & S. I. and I. C. R. R., up to Louisville, on business from Hattiesburg, Miss., to Indianapolis would earn 4.95 mills per ton per mile.

The combined line of the G. & S. I. and I. C. R. R., up to Louisville, on business from Hattiesburg to Columbus, O., would earn 4.66 mills per ton per mile.

In the foregoing calculations bridge toll of 2 cents has been deducted from proportions accruing up to Cairo; ½ cent from proportions accruing up to Evansville, and 1 cent from proportions accruing up to Louisville.

The following distances have been used in the calculations:

Jackson, Miss., to East Cairo	363 miles
" " Evansville, Ind	515 miles
" " Louisville, Ky	596 miles
" " Hattiesburg, Miss	90 miles
" " McComb City, Miss	77 miles

EXHIBIT G to Mr. Bowes' testimony.

(p. 127, testimony.)

ILLINOIS CENTRAL RAILROAD COMPANY.

Statement of receipts, operation expenses, etc., of the main line and Kosciusko Branch, Memphis division, and Louisville division of the Chicago, St. Louis & New Orleans Railroad.

Items.	Year ended June 30, 1902.	Year ended June 30, 1903.
Gross receipts (overcharges deducted)	$14,284,898.81	$15,948,872.83
Operating expenses	$9,257,568.58	$10,399,550.86
Net income from operation	$5,027,330.23	$5,549,321.97
Other income		
Net income from all sources	$5,027,330.23	$5,549,321.97
Interest on funded debt and leased line certificates	$2,352,662.68	$2,364,613.17
Rentals of leased lines	$60,588.69	$52,039.70
Taxes	$443,655.97	$444,255.82
Dividends		
Surplus	$2,170,423.49	$2,688,413.28
Miles of road operated *	1,263.28	1,278.98
Amount expended in permanent improvements charged to operating expenses		
Amount expended in permanent improvements charged to construction account	$1,647,785.95	$3,503,660.28
Amount set aside out of earnings for permanent improvements		
Overcharges	$660,804.85	$740,054.35
Funded debt per mile of road *	$37,166.86	$36,782.62
Capital stock per mile of road *	$8,046.86	$7,946.47
Total capitalization per mile of road *	$45,213.72	$44,729.10

*The miles of road operated include mileage of leasehold, Princeton to Gracey, 20.56 miles. The miles of road covered by funded debt and capital stock were 1,242.72 on June 30, 1902, and 1,258.42 on June 30, 1903, and do not in either case contain the 20.56 miles of leasehold.

Interest charge per mile of road (including the dividend on leased-line stock, 4 per cent on $10,000,000)	$1,766.26

EXHIBIT H to Mr. Bowes' testimony.

(p. 128, testimony.)

ILLINOIS CENTRAL RAILROAD COMPANY.

Comparative statement of "results of operation" for the month of September, 1903 and 1899.

Whole line.	1903.	1899.	Increase.	Per cent of increase.
Miles operated	4,328	3,679	648	17.61
Gross receipts	$4,003,963.18	$2,737,104.40	$1,266,858.78	46.28
Operation expenses	$2,911,619.62	$1,747,246.15	$1,164,373.47	66.64
Per cent of operation expenses to gross receipts	73	64	9	14.06
Taxes	$168,553.36	$126,522.26	$42,031.10	33.22
Per cent of expenses (including taxes) to gross receipts	77	68	9	13.24
Net receipts	$923,790.20	$863,335.99	$60,454.21	7.00

EXHIBIT I to Mr. Bowes' testimony.

(p. 128, testimony.)

ILLINOIS CENTRAL RAILROAD COMPANY.

General balance sheet, December 31st, 1860.

DR.			CR.		
Permanent expenditures		$27,195,390.81	Capital stock		$15,654,980.00
Interest account	$6,116,754.59		Funded debt:		
Less avails of interest fund	1,120,540.91		Construction bonds, due April 1st, 1875	$15,253,500	
		4,996,213.68	Free-land bonds, due September 1st, 1860, not presented	6,000	
Working stock of supplies		479,121.51	Optional-right bonds, due February 20th, 1868	38,000	
Surplus available assets		31,053.79	Debentures, due July 1st, 1861	42,740	
Miscellaneous assets, New York	$437,950.20		Eight per cent bonds, due March 1st, 1865	332,000	
Miscellaneous assets, Chicago	71,990.01				15,672,240.00
		509,940.21	Construction bonds canceled by land department collections		1,746,500.00
			Free-land bonds canceled by land-department collections, to June 1, '59		138,000.00
		33,211,720.00			33,211,720.00

FREIGHT.

For year ended June 30th, 1903.

Total freight receipts	$32,430,651.97
Overcharges (5.67%)	1,838,557.65

For year ended June 30th, 1902.

Total freight receipts	$29,396,143.90
Overcharges (5.73%)	1,685,361.48

For year ended June 30th, 1901.

Total freight receipts	$26,176,657.87
Overcharges (4.97%)	1,300,319.10

Requested frt. claim agt. to itemize causes and amounts of overcharge for one month in 1903, averaging about $150,000 for that month.

DEC. 29.

Illinois Central Railroad Company—Southern lines.

Circular 1,757.

New Orleans, La., March 15, 1897—Effective March 16, 1897.

To agents:

Charging actual weights on lumber.

Actual or scale weights shall be charged on green yellow-pine lumber. Where cars are not weighed, or there is clearly an error in scale weights, settlements may be made on an estimated basis of 4½ pounds to the foot.

It is understood that where a car has been weighed twice and there is a difference in the two weights of 10 % or more, it shall be evidence of an error, but a difference of less amount shall not be be considered an error, and the highest weight shall govern.

Where differences in scale weights exist at two points, the attention of the operating department shall be called to the fact, in order that the scales at such points may be properly tested.

Please be governed accordingly.

GBA. (Pro. 17904.) 200.

Issued by F. B. Bowes, GFA., New Orleans.

Illinois Central Railroad Company—The Yazoo & Mississippi Valley Railroad Company.

Supplement 59 to I C C B 482. Supplement 60 to A 568.

Joint freight tariff naming commodity rates.

In connection with railroads named on page twenty-eight of tariff.
Issued October 19, 1899. Effective November 2, 1899.

Cancel clause on page 2 of tariff A 568 and supplement 2 to I C C B 482 and supplement 2 to same, which reads as follows:

"Where cars are not weighed, or there is clearly an error in scale weights, settlement may be made on estimated basis of 3,600 pounds for dressed and 4,000 pounds for rough lumber or timber, certificate of number of feet loaded to be furnished by shipper or consignee."

Refer to—

Sup. 57 to I C C B 482. Sup. 58 to A 568. Sup. 54–55 & conf. parts trf. Cancels sup. 55–56 & conf. parts tariff.

And change to read—

Sup. 57 to I C C B 482. Supplement 58 to A 568. Cancels sup. 53–54 & conf. parts trf. Cancels sup. 54–55 & conf. parts tariff.

Pro. 28115.

Issued by F. B. Bowes, GFA., New Orleans.

A 568—Effective September 1, 1898.

All lumber and timber requiring two or three cars for its transportation and which can not be weighed will be estimated at 3,600 pounds per thousand feet for dressed and 4,000 pounds per thousand feet for rough lumber or timber, with minimum of 24,000 pounds for each car. Certificate showing number of feet loaded must be be furnished by shipper and accompany waybill to destination.

Where cars are not weighed, or there is clearly an error in scale weights, settlements may be made on estimated basis of 3,600 pounds for dressed and 4,000 pounds for rough lumber or timber, certificate of number of feet loaded to be furnished by shipper or consignee.

Certificate of the number of feet loaded must show separately quantity of rough and dressed lumber or timber. When this is not done, the entire shipment will be charged for on basis of estimated weights for rough lumber or timber as above provided.

Lumber and timber too long for two cars, necessitating the use of a third car for coupling, three cars must be charged for at weights given above.

It is understood that where a car has been weighed twice and there is a difference of 10 % or more, it shall be evidence of an error, but a difference of less amount shall not be considered an error, and the highest weight shall govern.

Where differences in scale weights exist at two points, the attention of the operating department shall be called to the fact in order that the scales at such points may be properly tested.

ILLINOIS CENTRAL RAILROAD COMPANY,
OFFICE OF THE TRAFFIC MANAGER,
Chicago, March 1st, 1904.

INTERSTATE COMMERCE COMMISSION,
Washington, D. C.

GENTLEMEN: During the recent hearing of the Central Yellow-Pine Lumber case before your honorable body I was asked by counsel for the plaintiff to furnish you the following information:

1. A statement of tonnage by years of the company material hauled for each of the years from 1892 to 1897 and from 1897 to the present date—two five-year periods.

2. Whether or not during July and August, 1902, there was not an abnormal movement of company material by reason of the improvements being made in double tracking south of the Ohio River.

3. And also from grading work.

4. What is your information or knowledge as to how the construction of sidetracks is charged—whether into the construction account, capital account, operating expenses, or how?

In reply to the first question, our auditor advises that the information desired is not available prior to July, 1902.

The second question can be answered in the negative.

The third question can be answered in the negative.

Fourth question. The cost of constructing sidetracks is charged to capital account.

Yours, t[illegible],

F. B. BOWES,
Assistant Traffic Manager.

I. C. C. No. B. 316. Cancels I. C. C. No. B. 65 and supplements.

M. 741. Cancels M. 152 and supplements, M. 109 and M. 110.

Illinois Central Railroad Company—Southern lines.

Local distance tariff—Issued May 18, 1897. Effective June 1, 1897.

Governing traffic between all stations on southern lines (main line and branches), except on Mississippi State business, between stations in the State of Mississippi, on Main Line, Michigan City to Osyka, inclusive; between stations on Memphis Division; between stations in the State of Mississippi on Main Line and stations on the Memphis Division.

This tariff does not affect rates from or to Memphis or Whitehaven, Tenn., New Orleans, La., or Cairo, Ill.

Governed by Southern Freight Classification (I. C. R. R. Classification No. 200), in connection with Classification Circular No. 5, June 1, 1897, or subsequent issues.

Issued by

F. B. BOWES,
General Freight Agent, New Orleans, La.
T. J. HUDSON,
Traffic Manager, Chicago, Ill.
W. L. SMITH,
Ass't Gen'l Freight Agent, Memphis, Tenn.
W. M. RHETT,
Ass't Gen'l Freight Agent, New Orleans, La.
M. C. MARKHAM,
Ass't Traffic Manager, Chicago, Ill.

Pro. 18,453.

Agents will post in two public and conspicuous places, in depots or office, as required by law.

Local distance tariff.

Distances.	Classes.																													
	Cents per hundred pounds.																Cents per barrel.		Cts. per 100 lbs.					Per ton 2,000 lbs.	Cotton, per bale of 500 lbs.	Live stock, released, single deck, per car.	Common brick, C. L., 6,000 brick and over, per 1,000 brick.
							A.		B.		C.		D.				F.										
	1.	2.	3.	4.	5.	6.	C. L.	L. C. L.	C. L.	L. C. L.	C. L.	L. C. L.	C. L.	L. C. L.	E.	H.	C. L.	L. C. L.	K.	L.	M.	N.	O.	P.			
5 miles and under	20	16	13	11	9	8	7	9	9	11	9	11	5	7	9	13	15	19	8	5	4	3½	3	.80	.60	10.00	1.00
10 and over 5 miles	25	20	16	13	11	9	9	11	10	13	10	12	6	8	11	16	17	21	9	6	5	4½	3½	.90	.65	15.00	1.25
15 " 10 "	30	24	20	16	14	12	11	14	13	16	11	14	8	10	14	20	20	25	12	9	6	5	3½	1.00	.85	20.00	1.40
20 " 15 "	33	26	22	18	16	14	13	16	14	18	13	16	10	12	16	22	23	29	14	11	6½	5½	3½	1.10	1.05	22.00	1.55
25 " 20 "	36	29	24	20	18	16	14	18	16	20	14	17	10	13	18	24	25	31	16	13	7	6	3½	1.20	1.25	24.00	1.70
30 " 25 "	39	31	26	21	19	17	15	19	17	21	14	18	11	14	19	26	26	33	17	14	7½	6½	3½	1.30	1.45	26.00	1.85
35 " 30 "	42	34	28	23	20	18	16	20	18	22	15	19	12	15	20	28	28	35	18	15	8	7	3½	1.40	1.60	28.00	2.00
40 " 35 "	45	36	30	25	21	19	17	21	18	23	16	20	13	16	21	30	30	37	19	16	8½	7½	3½	1.50	1.75	30.00	2.15
45 " 40 "	48	38	31	26	22	20	18	22	19	24	17	21	14	17	22	31	31	39	20	17	9	8½	3½	1.60	1.85	31.00	2.25
50 " 45 "	50	40	33	27	23	21	18	23	20	25	18	22	14	18	23	33	33	41	21	18	9½	9	3½	1.70	1.90	32.00	2.35
60 " 50 "	52	42	34	28	24	22	19	24	21	26	18	23	15	19	24	34	34	43	22	19	10	9½	3½	1.80	1.95	33.00	2.45
70 " 60 "	54	43	35	29	25	22	20	25	22	27	18	23	15	19	25	35	34	43	22	19	10½	10	3½	1.90	2.00	34.00	2.55
80 " 70 "	56	45	37	31	26	23	21	26	23	28	19	24	16	20	26	37	36	45	23	20	11	10½	4	2.00	2.05	35.00	2.65
90 " 80 "	58	46	38	32	27	24	22	27	24	29	20	25	17	21	27	38	38	47	24	21	11½	11	4½	2.10	2.10	36.00	2.75
100 " 90 "	60	48	39	33	28	25	23	28	25	30	20	25	17	21	28	39	38	47	25	22	12	11½	5	2.20	2.15	37.00	2.85
110 " 100 "	62	50	41	34	29	26	24	29	26	31	21	26	18	22	29	41	39	49	26	23	12½	12	5½	2.30	2.20	38.00	2.95
120 " 110 "	64	51	42	35	30	26	25	30	27	32	22	27	18	23	30	42	41	51	26	23	13	12½	6	2.40	2.25	39.00	3.05
130 " 120 "	66	53	43	36	31	27	26	31	28	33	22	27	18	23	31	43	41	51	27	24	13½	13	6½	2.50	2.35	40.00	3.15
140 " 130 "	68	54	44	37	32	28	27	32	29	34	23	28	19	24	32	44	43	53	28	25	14	13½	7	2.60	2.45	41.00	3.25
150 " 140 "	70	56	46	38	33	29	28	33	30	35	24	29	20	25	33	46	45	55	29	26	14½	14	7½	2.70	2.45	42.00	3.35
160 " 150 "	72	58	48	39	34	30	29	34	31	36	24	29	20	25	34	48	45	55	30	27	15	14½	8	2.70	2.50	43.00	3.45
170 " 160 "	74	59	49	40	35	31	30	35	32	37	25	30	21	26	35	49	47	57	31	28	15½	15	8½	2.75	2.50	44.00	3.55
180 " 170 "	75	60	50	41	35	31	30	35	32	37	26	31	22	27	35	50	49	59	31	28	16	15½	9	2.75	2.55	45.00	3.65
190 " 180 "	76	61	50	42	36	32	31	36	33	38	26	31	22	27	36	50	49	59	32	29	16½	16	9½	2.80	2.55	46.00	3.75
200 " 190 "	77	62	51	43	36	32	31	36	33	38	27	32	23	28	36	51	51	61	32	29	17	16	10	2.80	2.65	47.00	3.85
210 " 200 "	78	62	51	43	37	33	32	37	34	39	27	32	23	28	37	51	51	61	33	30	17	16½	10½	2.85	2.70	48.00	3.95
220 " 210 "	79	63	52	44	37	33	32	37	34	39	27	32	23	28	37	52	51	61	33	30	17½	16½	11	2.90	2.70	50.00	4.05
230 " 220 "	80	64	52	44	38	33	33	38	35	40	28	33	24	29	38	52	53	63	33	30	17½	17	11½	2.95	2.75	52.00	4.15
240 " 230 "	81	65	53	45	38	34	33	38	35	40	28	33	24	29	38	53	53	63	34	31	18	17½	12	3.00	2.75	54.00	4.25
260 " 240 "	82	66	54	45	39	34	34	39	36	41	28	33	24	29	39	54	53	63	34	31	18½	18	12½	3.05	2.75	56.00	4.40
280 " 260 "	83	66	54	46	39	34	34	39	36	41	29	34	25	30	39	54	55	65	34	31	19	19	13	3.10	2.80	58.00	4.55

Local distance tariff—Continued.

| Distances. | Classes. | | |

Statement of Ill. Cent. Ry., showing net profits after deducting from net income the following fixed charges, interest on bond and loan, rentals, and taxes.

[Correcting exhibit filed in which there was an error in figures for 1902.]

1896.		
Net income	$10,010,388	
Fixed charges	6,924,663	taxes, interest, sinking funds, and rentals.
Balance for dividends	3,085,725	
1897.		
Net income	9,591,189	
Fixed charges	6,812,638	" " " " " "
Balance for dividends	2,778,551	
1898.		
Net income	12,191,132	
Fixed charges	7,802,477	" " " " " "
Balance for dividends	4,388,655	
1899.		
Net income	12,492,486	
Fixed charges	8,160,984	" " " " " "
Balance for dividends	4,331,502	
1900.		
Net income	13,676,162	
Fixed charges	7,918,888	" " " " " "
Balance for dividends	5,657,274	
1901.		
Net income	15,153,965	
Fixed charges	8,186,305	" " " " " "
Balance for dividends	6,967,660	
1902.		
Net income	18,124,713	
Fixed charges	8,988,552	" " " " " "
Balance for dividends	9,136,161	
1903.		
Net income	18,811,340	
Fixed charges	8,081,948	" " " " " "
Balance for dividends	10,729,392	

EXHIBITS FILED BY C. B. COMPTON.

EXHIBIT "A" to Compton.

Rates on pig iron, carloads.

To—	From	Birmingham.			Chattanooga.			Sheffield.			Total.		
		Rate and divisions.	Miles.	Rate per ton per mile.	Rate and divisions.	Miles.	Rate per ton per mile.	Rate and divisions.	Miles.	Rate per ton per mile.	Rate and divisions.	Miles.	Rate per ton per mile.
Cincinnati		2.75	481	5.7	2.25	338	6.7	2.50	425	5.9	750	1,244	6.0
Louisville		2.50	394	6.4	2.25	312	7.2	2.25	315	7.1	700	1,021	6.9
Evansville		2.75	366	7.5	2.50	310	8.1	2.50	289	8.7	775	965	8.0
E. St. Louis		3.25	485	6.7	3.00	447	6.7	2.80	364	7.7	905	1,296	7.0
Chicago	To Evansville	2.25	366	6.2	2.00	310	6.5	2.00	289	6.9	625	965	6.5
	Beyond	1.60	287	5.6	1.60	287	5.6	1.60	287	5.6	480	861	5.8
	Through	3.85	653	5.9	3.60	597	6.0	3.60	576	6.2	1,105	1,826	6.0
	To Louisville	2.15	394	5.5	1.90	312	6.1	1.90	315	6.0	595	1,021	5.8
	Beyond	1.70	304	5.6	1.70	304	5.6	1.70	304	5.6	510	912	5.6
	Through	3.85	698	5.5	3.60	616	5.8	3.60	619	5.8	1,105	1,933	5.7
Toledo	To Cincinnati	2.40	481	5.0	1.90	338	5.6	2.15	425	5.1	645	1,244	5.2
	Beyond	1.35	203	6.7	1.35	203	6.7	1.35	203	6.7	405	609	6.7
	Through	3.75	684	5.5	3.25	541	6.0	3.50	628	5.6	1,050	1,853	5.7
Detroit	To Cincinnati	2.40	481	5.0	1.90	338	5.6	2.15	425	5.1	645	1,244	5.2
	Beyond	1.60	263	6.1	1.60	263	6.1	1.60	263	6.1	480	789	6.1
	Through	4.00	744	5.4	3.50	601	5.8	3.75	688	5.4	1,125	2,033	5.5
Cleveland	To Cincinnati	2.40	481	5.0	1.90	338	5.6	2.15	425	5.1	645	1,244	5.2
	Beyond	1.45	244	5.9	1.45	244	5.9	1.45	244	5.9	435	732	5.9
	Through	3.85	725	5.3	3.35	582	5.8	3.60	669	5.4	1,080	1,976	5.5
Total to Ohio River and E. St. Louis		22.85	3,929	5.8	19.60	3,043	6.4	20.40	3,272	6.2	6,285	10,244	6.1
Total beyond		7.70	1,301	5.9	7.70	1,301	5.9	7.70	1,301	5.9	2,310	3,903	5.9
Total through		30.55	5,230	5.8	27.30	4,344	6.3	28.10	4,573	6.1	8,595	14,147	6.1

EXHIBIT "B"—Mr. Compton.

(See p. 585.)

Exhibit "B" shows the prices of yellow pine lumber in the Chicago market during each quarter of each of the years from 1891 to and including 1902, and the first, second, and third quarters of the year 1903.

It shows the freight rate to Chicago from Alabama for each of the said quarters.

It shows the price in Chicago of Grade A, which consists of first and second flooring; Grade B, common flooring; Grade C, 3-in. dimension stuff and timber under 12x12x30 feet.

It shows the rate on lumber from Alabama points to Chicago in 1891 to have been 25 cents per 100 pounds in box cars and 28 cents per 100 pounds on flat cars, making an average of 26½ cents.

Prior thereto the rates were as follows:

	Box cars.	Flat cars.
April 21, 1887, to April 30, 1887	35¢	40¢
April 30, 1887, to May 28, 1887	33¢	40¢
May 28, 1887, to Aug. 5, 1889	31¢	34¢
Aug. 5, 1889, to July 16, 1893	25¢	28¢

EXHIBIT "B."

Chicago market on yellow pine lumber, January 1st, 1891, to September 30th, 1903.

	Price.	Freight rate to Chicago from L. & N. R. R., group 2 (M. & M. division, etc.).			Price.	Freight rate to Chicago from L. & N. R. R., group 2 (M. & M. division, etc.).	
		Rate.	Per cent of selling price.			Rate.	Per cent of selling price.
1891.				1892.			
First quarter:				First quarter:			
A	$23.00-25.00	$25 ¢28		A	$21.00-22.00	$25 ¢28	
B	15.00-16.00	$25 ¢28		B	15.00-16.00	$25 ¢28	
C			*37.1*	C	21.50-23.50	$25 ¢28	*37.1*
Second quarter:				Second quarter:			
A	$22.00-24.00	$25 ¢28		A	$18.00	$25 ¢28	
B	15.00-16.00	$25 ¢28		B	14.00	$25 ¢28	
C			*37.1*	C	21.00-23.00	$25 ¢28	*41.1*
Third quarter:				Third quarter:			
A	$21.00-22.00	$25 ¢28		A	$17.00-18.00	$25 ¢28	
B	15.00-16.00	$25 ¢28		B	14.00	$25 ¢28	
C			*37.1*	C	21.50	$25 ¢28	*41.1*
Fourth quarter:				Fourth quarter:			
A	$21.00-22.00	$25 ¢28		A	$17.50-18.00	$25 ¢28	
B	15.00-16.00	$25 ¢28		B	14.00-15.00	$25 ¢28	
C			*37.1*	C	20.00-22.00	$25 ¢28	*39.7*

"A." 1st and 2nd flooring.
"B." Common flooring.
"C." 3" dimension and timber under 12x12–30.
$ When loaded in box cars.
¢ When loaded in flat cars.
Figures in italics show the per cent of freight rates, as indicated in the statement, to the prices of lumber as indicated in said statement. (Column headed "Per cent of selling price.")
Grade "B," which is common flooring and on which the percentages are calculated, weighs 2,300 pounds per 1,000 feet.

Chicago market on yellow pine lumber, January 1st, 1891, to September 30th, 1903—Continued.

	Price.	Freight rate to Chicago from L. & N. R. R., group 2 (M. & M. division, etc.).		
		Rate.		Per cent of selling price.
1893.				
First quarter:				
A	$17.50–18.00	$25	¢28	
B	15.00–16.00	$25	¢28	
C	20.00–22.00	$25	¢28	*37.1*
Second quarter:				
A	$17.50–18.00	$25	¢28	
B	14.00–15.00	$25	¢28	
C	20.00–22.00	$25	¢28	*39.7*
Third quarter:				
A	$17.50–18.00	$24	¢27	7/16/93
B	14.00–15.00	$24	¢27	
C	20.00–22.00	$24	¢27	*38.1*
Fourth quarter:				
A	$17.00	$24	¢27	
B	13.00–14.00	$24	¢27	
C	20.00–22.00	$24	¢27	*40.9*
1895.				
First quarter:				
A	$14.00	$22	¢25	
B	11.00–11.50	$22	¢25	
C	16.50–17.00	$22	¢25	*45.0*
Second quarter:				
A	$14.00–15.00	$22	¢25	
B	11.00–11.50	$22	¢25	
C	15.00–17.00	$22	¢25	*45.0*
Third quarter:				
A	$14.50–15.50	$22	¢25	
B	11.50–12.50	$22	¢25	
C	15.00–17.00	$22	¢25	*42.2*
Fourth quarter:				
A	$16.00–16.50	$22	¢25	
B	13.00–14.00	$22	¢25	
C	15.75–17.00	$22	¢25	*37.5*
1897.				
First quarter:				
A	$12.00	$22	¢25	
B	10.00	$22	¢25	
C	15.50	$22	¢25	*50.6*
Second quarter:				
A	$12.50–13.00	22		5/20/97
B	10.50–11.00	22		
C	15.00–15.50	22		*47.1*
Third quarter:				
A	$12.00	22		
B	10.00	22		
C	14.00–15.00	22		*50.6*
Fourth quarter:				
A	$14.00	22		
B	12.00	22		
C	18.00	22		*42.2*

	Price.	Freight rate to Chicago from L. & N. R. R., group 2 (M. & M. division, etc.).		
		Rate.		Per cent of selling price.
1894.				
First quarter:				
A	$16.50–17.00	$24	¢27	
B	12.00–13.00	$24	¢27	
C	17.50–20.00	$24	¢27	*44.8*
Second quarter:				
A	$15.00–16.00	$22	¢25	5/10/94
B	11.00–12.00	$22	¢25	
C	17.50–20.00	$22	¢25	*44.0*
Third quarter:				
A	$16.00	$22	¢25	
B	12.00–13.00	$22	¢25	
C	17.50–20.00	$22	¢25	*40.8*
Fourth quarter:				
A	$16.00	$22	¢25	
B	12.00–13.00	$22	¢25	
C	17.50–20.00	$22	¢25	*40.8*
1896.				
First quarter:				
A	$16.00–16.50	$22	¢25	
B	13.00–14.00	$22	¢25	
C	15.75–17.00	$22	¢25	*37.5*
Second quarter:				
A	$16.00–16.50	$22	¢25	
B	13.00–14.00	$22	¢25	
C	15.75–17.00	$22	¢25	*37.5*
Third quarter:				
A	$12.00	$22	¢25	
B	10.00	$22	¢25	
C	15.50	$22	¢25	*50.6*
Fourth quarter:				
A	$12.00	$22	¢25	
B	10.00	$22	¢25	
C	15.50	$22	¢25	*50.6*
1898.				
First quarter:				
A	$14.00	22		
B	12.00	22		
C	18.00	22		*42.8*
Second quarter:				
A	$14.00–14.50	22		
B	12.00–14.00	22		
C	17.00–18.00	22		*38.9*
Third quarter:				
A	$14.00	22		
B	12.00	22		
C	17.00–18.00	22		*42.8*
Fourth quarter:				
A	$15.00–16.00	22		
B	12.50–13.00	22		
C	16.00–17.00	22		*39.7*

"A." 1st and 2nd flooring.
"B." Common flooring.
"C." 3" dimension and timber under 12x12–30'
When loaded in box cars.
¢ When loaded in flat cars.

Figures in italics show the per cent of freight rates, as indicated in the statement, to the prices of lumber as indicated in said statement. (Column headed "Per cent of selling price.")

Grade "B," which is common flooring and on which the percentages are calculated, weighs 2,300 pounds per 1,000 feet.

Chicago market on yellow pine lumber, January 1st, 1891, to September 30th, 1903—Continued.

	Price.	Freight rate to Chicago from L. & N. R. R., group 2 (M. & M. division, etc.).	
		Rate.	Per cent of selling price.
1899.			
First quarter:			
A	$15.00-15.50	22	
B	12.50-13.00	22	
C	15.00-17.00	22	*39.7*
Second quarter:			
A	$16.50-17.00	22	
B	14.00-14.50	22	
C	18.00-19.00	22	*35.5*
Third quarter:			
A	$19.00-20.00	22	
B	16.50-17.00	22	
C	16.00-18.50	22	*30.2*
Fourth quarter:			
A	$20.75-21.75	23	9/8/99
B	17.75-18.25	23	
C	18.25-20.75	23	*29.4*
1901.			
First quarter:			
A	$19.00-20.00	24	
B	16.50-17.00	24	
C	18.50-21.00	24	*33.0*
Second quarter:			
A	$19.50-20.50	24	
B	17.00-17.50	24	
C	19.00-21.50	24	*32.0*
Third quarter:			
A	$20.50-21.50	24	
B	17.00-17.50	24	
C	19.00-21.50	24	*32.0*
Fourth quarter:			
A	$20.50-21.50	24	
B	17.00-17.50	24	
C	19.00-21.50	24	*32.0*
1903.			
First quarter:			
A	$21.00-22.00	24	
B	18.50-19.50	24	
C	19.50-22.00	24	*29.1*
Second quarter:			
A	$21.00-22.00	24	
B	18.50-19.50	24	
C	19.50-22.00	24	*29.1*

	Price.	Freight rate to Chicago from L. & N. R. R., group 2 (M. & M. division, etc.).	
		Rate.	Per cent. of selling price.
1900.			
First quarter:			
A	$21.25-22.25	24	1/1/00
B	18.25-18.75	24	
C	18.75-21.25	24	*29.8*
Second quarter:			
A	$20.25-21.25	24	
B	17.25-17.75	24	
C	18.75-21.25	24	*31.5*
Third quarter:			
A	$18.00-19.00	24	
B	15.00-15.50	24	
C	17.00-19.50	24	*38.2*
Fourth quarter:			
A	$19.00-20.00	24	
B	16.50-17.00	24	
C	17.00-20.00	24	*33.0*
1902.			
First quarter:			
A	$22.50-23.50	24	
B	18.50-19.50	24	
C	19.50-22.00	24	*29.1*
Second quarter:			
A	$22.50-23.50	24	
B	18.50-19.50	24	
C	19.50-22.00	24	*29.1*
Third quarter:			
A	$22.50-23.50	24	
B	18.50-19.50	24	
C	19.50-22.00	24	*29.1*
Fourth quarter:			
A	$21.00-22.00	24	
B	18.50-19.50	24	
C	19.50-22.00	24	*29.1*
1903.			
Third quarter:			
A	$21.00-22.00	26	
B	18.50-19.50	26	
C	19.50-22.00	26	*31.5*

"A." 1st and 2nd flooring.
"B." Common flooring.
"C." 3" dimension and timber under 12x12-30.
Figures in italics show the per cent of freight rates, as indicated in the statement, to the prices of lumber as indicated in said statement. (Column headed "Per cent of selling price.")
Grade "B," which is common flooring and on which the percentages are calculated, weighs 2,300 pounds per 1,000 feet.

Exhibit "C" to Compton.

Rates on fir lumber, carloads, and distances from Pacific coast points.

From	Tacoma, Wash.			Portland, Oreg.			Seattle, Wash.			Recapitulation.		
To—	Rate.	Distance.	Rate per ton per mile.	Rate.	Distance.	Rate per ton per mile.	Rate.	Distance.	Rate per ton per mile.	Rate.	Distance.	Rate per ton per mile.
Chicago	50	2,321	.43	50	2,292	.43	50	2,222	.45	150	6,835	4.38
St. Paul	40	1,912	.42	40	1,862	.43	40	1,813	.44	120	5,587	4.30
Omaha	50	1,913	.52	50	1,799	.55	50	1,923	.52	150	5,635	5.32
Kansas City	50	2,069	.48	50	2,029	.49	50	2,089	.48	150	6,187	4.85
St. Louis	52.5	2,331	.45	52.5	2,312	.45	52.5	2,351	.45	157.5	6,994	4.50
Cleveland	60	2,660	.45	60	2,631	.45	60	2,561	.47	180	7,852	4.58
Pittsburg	62.5	2,789	.45	62.5	2,760	.45	62.5	2,690	.47	187.5	8,239	4.55
Cincinnati	60	2,620	.46	60	2,590	.46	60	2,521	.48	180	7,731	4.65
Evansville	60	2,495	.48	60	2,477	.48	60	2,515	.48	180	7,487	4.81
Total mileage	.....	21,110	.....	.....	20,752	.....	.....	20,685	.....	.....	62,547	.....
Average mileage	.....	2,345.5	.....	.....	2,305.8	.....	.....	2,298.3	.....	.....	2,316.5	.....
Total rate	485	.....	.....	485	.....	.....	485	.....	.....	1,455	.....	.....
Average rate	53.9	.....	.....	53.9	.....	.....	53.9	.....	.....	53.9	.....	.....
Rate per ton per mile	.....	.....	.46	.....	.....	.47	.....	.....	.47	.....	.....	.....
Average rate per ton per mile (mills)	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	4.65

Exhibit "D" to Compton.

Rates on pine lumber from points in Michigan to points in C. F. A. territory.

From	Bay City, Mich.			Grand Rapids, Mich.			Manistee, Mich.			Pt. Huron, Mich.			Saginaw, Mich.			Traverse City, Mich.			Total.					
To—	Rate.	Miles.	Rate per ton per mile.	Rate.	Miles.	Rate per ton per mile.	Rate.	Miles.	Rate per on per mile.	Rate.	Miles.	Rate per ton per mile.	Rate.	Miles.	Rate per ton per mile.	Rate.	Miles.	Rate per ton per mile.	Total mileage.	Average mileage.	Total rate.	Average rate.	Rate per ton per mile.	Average rate per ton per mile.
Cincinnati	13	350	7.4	13	309	8.4	16	424	7.6	12	320	7.5	13	338	7.7	18	454	7.6	2,195	366	85	14.2	7.7	.....
Louisville	17	421	8.1	14	352	8	19	467	8.1	15	430	7	17	410	8.3	19	497	7.6	2,577	430	101	16.8	7.8	.....
Evansville	18.5	499	7.4	15.5	428	7.2	20.5	569	7.2	20.5	491	8.4	18.5	484	7.6	21.5	604	7.2	3,075	513	115	19.2	7.5	.....
Cairo	21	495	8.5	19	440	8.6	21	554	7.6	21	487	8.6	21	483	8.7	24	588	8.2	3,047	508	127	21.2	8.3	.....
Columbus	12	277	8.7	12	289	8.3	15	403	7.4	11.5	241	9.5	12	265	9.1	17	437	7.8	1,912	319	79.5	13.3	8.3	.....
Cleveland	11	260	8.5	12	279	8.6	14	390	7.2	11	230	9.6	11	248	8.9	16	387	8.3	1,794	299	75	12.5	8.4	.....
Indianapolis	13	330	7.9	11.5	261	8.8	16	376	8.5	11	322	6.8	13	318	8.2	17	402	8.4	2,013	336	81.5	13.6	8.1	.....
Terre Haute	15	377	8	12	310	7.7	16.5	425	7.8	12	395	6.1	15	365	8.2	17	453	7.5	2,325	388	87.5	14.6	7.5	.....
Pittsburg	14	391	7.2	14.5	414	7	17	525	6.5	14	365	7.7	14	383	7.3	18	522	6.9	2,600	433	91.5	15.3	7	.....
Chicago	10	299	6.7	9	245	7.3	10	303	6.6	10	335	6	10	283	7.1	13	334	7.8	1,799	300	62	10.3	6.9	.....
Total mileage	.....	3,699	.....	.....	3,327	.....	.....	4,436	.....	.....	3,616	.....	.....	3,577	.....	.....	4,682	.....	23,337	.....	.....	.....	.....	.....
Average mileage	.....	370	.....	.....	333	.....	.....	444	.....	.....	362	.....	.....	358	.....	.....	468	.....	.....	389	.....	.....	.....	.....
Total rate	144.5	.....	.....	132.5	.....	.....	165	.....	.....	138	.....	.....	144.5	.....	.....	180.5	.....	.....	.....	.....	905	.....	.....	.....
Average rate	14.5	.....	.....	13.3	.....	.....	16.5	.....	.....	13.8	.....	.....	14.5	.....	.....	18.1	.....	.....	.....	.....	.....	15.1	.....	.....
Rate per ton per mile	.....	.....	7.8	.....	.....	8	.....	.....	7.4	.....	.....	7.6	.....	.....	8.1	.....	.....	7.7	.....	.....	.....	.....	.....	.....
Average rate per ton per mile	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	7.8

Exhibit "E" to Compton.

Lumber, C. L., from points in Minnesota and Wisconsin to Chicago, Ill.

To Chicago, Ills., from—	Lumber, C. L., per hundred pounds.		
	Distances.	Rates.	Rates per ton per mile.
Fondulac, Minn	458	12	5.2
Stillwater, "	398	10	5.0
Colquet, "	460	12	5.2
Carlton, "	454	12	5.3
Winona, Wis	297	10	6.7
Hurley, "	328	12	7.3
Star Lake, "	404	11	5.4
Green Bay, "	197	8½	8.6
Eau Claire, "	322	10	6.2
Woodruff, "	279	11	7.9
Total mileage	3,597		
Average mileage	359.7		
Total rate		108½	
Average rate		10.8½	
Total rate per ton per mile			6.03

Exhibit "F" to Compton.

Rates on yellow pine lumber from Ohio River Crossings to C. F. A. territory.

To.....	Chicago, Ills.			Detroit, Mich.			Cleveland, O.			Indianapolis, Ind.			Pittsburg, Pa.			Recapitulation.		
From—	Rate.	Distance.	Rate per ton per mile.	Rate.	Distance.	Rate per ton per mile.	Rate.	Distance.	Rate per ton per mile.	Rate.	Distance.	Rate per ton per mile.	Rate.	Distance.	Rate per ton per mile.	Rate.	Distance.	Rate per ton per mile.
Cincinnati	10	299	.67	10	263	.76	10	243	.82	7	110	1.27	10	309	.65	47	1,224	768
Louisville	11	304	.72	12	373	.64	13	353	.74	8	110	1.45	14	419	.67	58	1,559	744
Evansville	10	287	.70	12	433	.55	14	451	.62	7	168	.83	16	541	.59	59	1,880	628
Cairo	10	365	.55	14	541	.52	15	559	.54	9	276	.65	18	649	.55	66	2,390	552
Total mileage	.....	1,255	.....	.....	1,610	.....	.....	1,606	.....	.....	664	.....	.....	1,918	.....	.....	7,053	.....
Average mileage	.....	314	.....	.....	402.5	.....	.....	401.5	.....	.....	166	.....	.....	479.5	.....	.....	352.7	.....
Total rate	41	.....	.....	48	.....	.....	52	.....	.....	31	.....	.....	58	.....	.....	230	.....	.....
Average rate	10.3	.....	.....	12	.....	.....	13	.....	.....	7.8	.....	.....	14.5	.....	.....	11.5	.....	.....
Rate per ton per mile	.....	.....	.653	.....	.....	.596	.....	.....	.648	.....	.....	.934	.....	.....	.553	.....	.....	.....
Average rate per ton per mile	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.652

Exhibit "G" to Compton.

Statement showing prices of yellow pine lumber, grades and dimensions as described, delivered at St. Louis, Mo., from June 1st, 1899, to April 1st, 1903.

Description.	Dimensions.	Jan. 1, 1899.	Jul. 1, 1899.	Jul. 20, 1899.	Aug. 8, 1899.	Sept. 1, 1899.	Oct. 4, 1899.	Jan. 15, 1900.	Mch. 1, 1900.	April 16, 1900.	Jul. 2, 1900.	Aug. 29, 1900.	Jan. 16, 1901.	Mch. 5, 1901.	Apr. 15, 1901.	Jul. 20, 1901.	Oct. 1, 1901.	Jan. 4, 1902.	Mch. 20, 1902.	Jun. 11, 1902.	Nov. 5, 1902, April 1, 1903.
Flooring, edge grain A	1/2 x 3 1/2	21.75	22.75	23.75	25.25	26.25	26.25	26.25	26.25	24.25	22.00	23.00	24.50	25.50	25.50	26.25	26.25	28.25	30.25	28.25	27.25
Flooring, edge grain B	do	19.75	20.75	22.25	23.75	24.75	24.75	24.75	24.75	22.75	20.50	21.50	22.50	23.50	23.50	24.25	24.25	26.25	28.25	25.75	24.75
Flooring, flat grain A	do	15.75	16.25	18.25	19.25	19.75	20.25	20.75	20.75	19.25	17.00	17.00	18.00	18.50	18.50	19.75	19.75	21.75	23.75	21.25	20.25
Flooring, flat grain B	do	15.25	15.75	17.75	18.75	19.25	19.25	19.75	19.75	18.25	16.00	16.00	17.00	17.50	17.50	18.75	18.75	20.75	22.75	20.25	19.25
Flooring, No. 1 common	do	13.25	13.75	15.75	16.75	17.25	17.25	17.75	17.75	16.25	14.00	14.50	15.50	16.00	16.00	16.25	16.25	17.75	17.25	17.25	16.25
Flooring, No. 2 common	do	11.25	11.25	13.25	14.25	14.75	14.75	15.25	15.25	13.75	11.50	11.50	12.50	13.00	13.00	13.25	11.75	12.75	13.75	12.25	12.25
Partition A	1/2 x 3 1/2 or 5 1/4 [a]	17.25	18.25	20.25	21.25	22.00	22.00	22.50	22.50	20.50	19.25	19.25	20.25	20.75	20.75	20.75	20.75	22.75	24.75	22.25	21.75
Bevel siding A	1-in. stock	12.50	12.50	13.00	14.00	14.75	14.75	15.25	15.25	13.75	11.75	11.75	12.75	13.25	13.25	13.00	13.00	15.00	15.50	14.50	14.00
Bevel siding A	1 1/4-in. stock	14.50	14.50	15.00	16.00	16.50	16.50	17.00	17.00	15.50	13.50	13.50	14.50	15.00	15.00	15.25	15.25	17.25	18.50	16.75	16.25
Drop siding A	1/2 x 3 1/2 or 5 1/4	16.75	17.75	19.75	20.75	21.50	21.50	22.00	22.00	20.00	18.25	18.25	19.25	19.75	19.75	20.75	20.75	22.75	24.75	22.25	21.75
Finishing, S. 2 S. 1/2, 1st and 2nd clear.	1 x 12	23.50	24.50	26.00	27.00	27.75	28.25	28.75	28.75	26.75	24.50	24.50	25.50	26.00	26.00	27.00	28.00	30.00	32.00	30.00	28.50
Common boards, 16 ft	1 x 12 No. 1	14.00	14.50	15.25	16.25	17.00	17.00	17.50	17.50	16.00	14.25	14.50	15.75	17.00	17.50	17.00	17.00	18.00	18.00	18.00	18.00
Common boards, 16 ft	1 x 12 No. 2	12.00	13.00	13.75	14.75	15.50	15.00	16.00	16.00	14.75	12.75	12.75	14.00	15.25	15.25	15.25	14.75	15.25	14.75	14.75	14.75
Shiplap, or D. & M., 16 ft	1 x 12 No. 1	14.50	15.00	15.75	16.75	17.50	17.50	18.00	18.00	16.50	15.00	15.00	16.25	17.50	18.50	17.50	17.50	18.50	18.50	18.50	18.50
Fencing, 16 ft	1 x 6 No. 1	13.00	13.00	14.25	15.25	16.00	16.00	16.50	16.50	15.25	14.00	14.00	15.00	15.50	15.50	15.50	15.50	16.00	16.00	16.00	16.00
Fencing, 16 ft	1 x 6 No. 2	11.50	11.50	12.75	13.75	14.50	14.50	15.00	15.00	13.75	12.50	12.50	13.50	14.00	14.00	14.00	13.50	14.00	14.50	14.00	14.50
Dimension, S. 1 S. 1 E, 16 ft.	2 x 4	12.50	12.50	13.00	14.00	14.75	14.75	15.25	15.25	13.75	12.00	13.00	13.50	14.00	14.50	14.00	14.00	14.50	15.00	15.00	15.00
No. 2 dimension, 16 ft	2 x 4 S. & E	11.00	11.00	11.50	12.50	13.25	13.25	13.75	13.75	12.25	10.50	11.50	12.00	12.50	12.50	12.50	12.00	12.50	13.00	13.00	13.00
Heavy joists, S. 1 S. 1 E., 16 ft	3 x 6 & 3 x 8	14.25	14.25	14.75	15.50	16.50	16.50	17.00	17.00	17.00	15.25	15.25	16.75	17.25	17.25	17.00	17.00	17.50	18.00	17.50	17.50
Timbers, 16 ft	4 x 4 & 4 x 6 S. & E.	13.75	13.75	14.25	15.25	16.00	16.00	16.50	17.00	17.00	14.75	14.75	16.25	16.75	16.75	16.25	16.75	17.25	17.75	17.25	17.25

[a] 1/2 x 3 1/2 or 5 1/4, commencing with September 1, 1899.

Exhibit No. "H" to Compton.

Schedule of prices of bridge material as contracted for by the Louisville & Nashville Railroad for the year 1903.

Sizes.	Length of pieces.					
	12 to 18 feet.	19 to 24 feet.	25 to 30 feet.	31 to 36 feet.	37 to 40 feet.	41 to 46 feet.
8 x 8	$11.00	$12.00	$12.50	$15.00	$16.50	$18.00
8 x 10	11.00	12.00	13.50	15.50	17.50	19.00
8 x 12	12.00	13.00	14.00	16.00	18.00	20.00
8 x 14	13.50	15.00	16.00	18.00	20.00	22.00
8 x 16	17.00	18.50	21.00	23.00	25.00	29.00
8 x 18	20.00	22.50	25.00	29.00	33.00	36.00
8 x 20	23.00	26.00	28.00	36.00	45.00	.....
10 x 10	12.00	13.00	14.00	15.00	17.00	21.00
10 x 12	12.50	13.50	14.50	16.50	20.00	24.00
10 x 14	15.00	16.50	18.50	20.00	23.00	26.00
10 x 16	18.00	21.00	22.50	25.00	30.00	35.00
10 x 18	22.00	25.00	27.00	32.00	35.00	.....
10 x 20	25.00	28.00	32.00	36.00	.....	.....
12 x 12	12.50	14.00	16.00	18.00	20.00	25.00
12 x 14	16.50	18.50	20.00	22.00	27.00	32.00
12 x 16	21.00	25.00	27.00	30.00	35.00	.....
12 x 18	24.00	30.00	33.00	40.00	45.00	.....
12 x 20	28.00	33.00	35.00	42.00	.....	.....
14 x 14	18.50	21.00	25.00	28.00	33.00	.....
14 x 16	23.00	26.00	30.00	35.00	40.00	.....
14 x 18	26.00	30.00	35.00	40.00	.....	.....
14 x 20	28.00	35.00	40.00	45.00	.....	.....

Exhibit "I" to Compton.

Statement showing the total number of cars of yellow-pine lumber hauled by the Louisville & Nashville Railroad during the month of March, 1903, from the State of Alabama.

[Statement shows the number of each kind of cars used, the percentage of each; the total capacity and the average capacity of the different kinds of cars, and the percentage the loading of same bears to the capacity.]

Box	519	80.0%
Flat	102	15.7%
Gonds	28	04.3%
Stock	x	x
	649	100

Capacity	39,735,000	Average	61,225	
Actual loading	27,642,450	Average	42,592	69.6%
Box (#519):				
Capacity	31,530,000	Average	60,751	
Actual loading	21,718,500	Average	41,847	68.9%
Flat (#102):				
Capacity	6,355,000	Average	62,304	
Actual loading	4,711,850	Average	46,195	74.1%
Gonds (#28):				
Capacity	1,850,000	Average	66,071	
Actual loading	1,212,100	Average	43,289	65.5%

Exhibit "J" to Compton.

Statement showing proportions accruing to L. & N. R. R. south of Ohio River crossings, Cairo to Cincinnati, inclusive, in division of lumber rates from L. & N.

From	M. & M. division.					A. & F. division.					Sou. Ala. division.					N. O. & M. division.						
To—	Thro. rate.	Distance from Dolive.				Thro. rate.	Distance from Eleanor.				Thro. rate.	Distance from Manistee.				Thro. rate.	Distance from Lookout.				Average thro. rate.	
		662	618	646	756		662	618	646	756		676	632	660	770		791	747	775	885		
		Proportion south of Ohio River to—					Proportion south of Ohio River to—					Proportion south of Ohio River to—					Proportion south of Ohio River to—					
		Cairo.	Evansville.	Louisville.	Cincinnati.		Cairo.	Evansville.	Louisville.	Cincinnati.		Cairo.	Evansville.	Louisville.	Cincinnati.		Cairo.	Evansville.	Louisville.	Cincinnati.		
Rock Island.....Ill..	26	16	16	11	11	26	16	16	11	11	26	16	16	11	11	26	16	16	11	11	26	
Quincy..... " ..	26	16	16	13	13	26	16	16	13	13	26	16	16	13	13	26	16	16	13	13	26	
Litchfield..... " ..	23.8	15.98	15.8	12.8	12.8	23.8	15.98	15.8	12.8	12.8	23.8	15.98	15.8	12.8	12.8	23.8	15.98	15.8	12.8	12.8	23.8	
Peoria..... " ..	25	16	16	15	14	25	16	16	15	14	25	16	16	15	14	25	16	16	15	14	25	
Streator..... " ..	26	16	16	15	15	26	16	16	15	15	26	16	16	15	15	26	16	16	15	15	26	
Joliet..... " ..	26	16	16	15	16	26	16	16	15	16	26	16	16	15	16	26	16	16	15	16	26	
Chicago..... " ..	26	16	16	15	16	26	16	16	15	16	26	16	16	15	16	26	16	16	15	16	26	
Danville..... " ..	25	16	18	15	16	25	16	18	15	16	25	16	18	15	16	25	16	18	15	16	25	
Milwaukee.....Wis..	29	16	16	15	16	29	16	16	15	16	29	16	16	15	16	29	16	16	15	16	29	
Michigan City.....Ind..	26	16	16	15	16	26	16	16	15	16	26	16	16	15	16	26	16	16	15	16	26	
Terre Haute..... " ..	24	16	18	16	17	24	16	18	16	17	24	16	18	16	17	24	16	18	16	17	24	
Vincennes..... " ..	22	16	17	14	14	22	16	17	14	14	22	16	17	14	14	22	16	17	14	14	22	
Logansport..... " ..	27	16	18	17	18	27	16	18	17	18	27	16	18	17	18	27	16	18	17	18	27	
Indianapolis..... " ..	25	18	18	17	18	25	18	18	17	18	25	18	18	17	18	25	18	18	17	18	25	
Elkhart..... " ..	28	16	18	17	18	28	16	18	17	18	28	16	18	17	18	28	16	18	17	18	28	
Frankfort..... " ..	26	16	18	17	18	26	16	18	17	18	26	16	18	17	18	26	16	18	17	18	26	
Greencastle..... " ..	26	16	19	18	19	26	16	19	18	19	26	16	19	18	19	26	16	19	18	19	26	
Kalamazoo.....Mich..	30	16	18	18	19	30	16	18	18	19	30	16	18	18	19	30	16	18	18	19	30	
Jackson..... " ..	30	16	18	18	20	30	16	18	18	20	30	16	18	18	20	30	16	18	18	20	30	
Grand Rapids..... " ..	30	16	18	17	18	30	16	18	17	18	30	16	18	17	18	30	16	18	17	18	30	
Detroit..... " ..	30	16	18	18	20	30	16	18	18	20	30	16	18	18	20	30	16	18	18	20	30	
Alvordton.....O..	30	16	18	18	20	30	16	18	18	20	30	16	18	18	20	30	16	18	18	20	30	
Toledo..... " ..	30	16	18	18	21	30	16	18	18	21	30	16	18	18	21	30	16	18	18	21	30	
Dayton..... " ..	27.5	15.5	17.5	17.5	23	27.5	15.5	17.5	17.5	23.5	27.5	15.5	17.5	17.5	23	27.5	15.5	17.5	17.3	23	27.5	
Sandusky..... " ..	30	16	18	18	21	30	16	18	18	21	30	16	18	18	21	30	16	18	18	21	30	
Bellaire..... " ..	33	15	17	19	23	33	15	17	19	23	33	15	17	19	23	33	15	17	19	23	33	
Columbus..... " ..	29	16	17	17	21.5	29	16	17	17	21.5	29	16	17	17	21.5	29	16	17	17	21.5	29	
Mansfield..... " ..	30	16	18	18	21.5	30	16	18	18	21.5	30	16	18	18	21.5	30	16	18	18	21.5	30	
Gallipolis..... " ..	31	16	16	19	22	31	16	16	19	22	31	16	16	19	22	31	16	16	19	22	31	
Cleveland..... " ..	31	16	17	18	21	31	16	17	18	21	31	16	17	18	21	31	16	17	18	.....	31	
Pittsburg.....Pa..	33	15	17	19	23	33	15	17	19	23	33	15	17	19	23	33	15	17	19	23	33	
Buffalo.....N. Y..	33	15	17	19	23	33	15	17	19	23	33	15	17	19	23	33	15	17	19	23	33	
Average through rate.....	27.9	.....	.....	.....	.....	27.9	.....	.....	.....	.....	27.9	.....	.....	.....	.....	27.9	.....	.....	.....	.....	27.9	
Total mileage to river.....	.....	21,184	19,776	20,672	24,192	.....	21,184	19,776	20,672	24,192	.....	21,632	20,224	21,120	24,640	.....	25,312	23,904	24,800	28,320	.....	
Average mileage to river.....	.....	662	618	646	756	.....	662	618	646	756	.....	6.76	632	6.50	7.70	.....	791	747	775	885	.....	
Total propn. south of river.....	.....	510.48	550.3	529.3	584.8	.....	510.48	550.3	529.3	584.8	.....	510.48	550.3	529.3	584.8	.....	510.48	550.3	529.3	584.8	.....	
Average propn. south of river.....	.....	16.8	17.2	16.5	1.82	.....	16.8	17.2	16.5	18.2	.....	16.8	17.2	16.5	18.2	.....	16.8	17.2	16.5	18.2	.....	
Rate per ton per mile.....mills.	.....	4.82	5.57	5.12	4.83	.....	4.82	5.57	5.12	4.83	.....	4.72	5.43	5.01	4.75	.....	4.03	4.60	4.27	4.13	.....	
Average rate per ton per mile "	.....	.....	5.07	.....	.....	.....	.....	5.07	.....	.....	.....	.....	4.97	.....	.....	.....	.....	4.25	.....	.....	.....	

Average mileage to river, 706.5 miles.

Exhibit "J" to Compton.

R. south of Ohio River crossings, Cairo to Cincinnati, inclusive, in division of lumber rates from L. & N. stations to destinations named below.

ision.		Sou. Ala. division.					N. O. & M. division.					Total.									
om Eleanor.			Distance from Manistee.					Distance from Lookout.					Total distances.					Average distances.				
646	756	Thro. rate.	676	632	660	770	Thro. rate.	791	747	775	885	Average thro. rate.	2,791	2,615	2,727	3,167	Average propn. south of Ohio River.	698	654	682	792	Average rate per ton per mile south of Ohio River.
outh of Ohio r to—			Proportion south of Ohio River to—					Proportion south of Ohio River to—					Total propn. south of Ohio River to—					Rate per ton per mile south of Ohio River to—				
Louisville.	Cincinnati.		Cairo.	Evansville.	Louisville.	Cincinnati.		Cairo.	Evansville.	Louisville.	Cincinnati.		Cairo.	Evansville.	Louisville.	Cincinnati.		Cairo.	Evansville.	Louisville.	Cincinnati.	
11	11	26	16	16	11	11	26	16	16	11	11	26	64	64	44	44	13.5	4.58	4.89	3.22	2.77	3.82
13	13	26	16	16	13	13	26	16	16	13	13	26	64	64	52	52	14.5	4.58	4.89	3.81	3.28	4.24
12.8	12.8	23.8	15.98	15.8	12.8	12.8	23.8	15.98	15.8	12.8	12.8	23.8	63.92	63.2	5.12	51.2	14.3	4.58	4.89	3.75	3.23	4.04
15	14	25	16	16	15	14	25	16	16	15	14	25	64	64	60	56	15.3	4.58	4.89	4.40	3.54	4.33
15	15	26	16	16	15	15	26	16	16	15	15	26	64	64	60	60	15.5	4.58	4.89	4.40	3.91	4.38
15	16	26	16	16	15	16	26	16	16	15	16	26	64	64	60	64	15.8	4.58	4.89	4.40	4.04	4.47
15	16	26	16	16	15	16	26	16	16	15	16	26	64	64	60	64	15.8	4.58	4.89	4.40	4.04	4.47
15	16	25	16	18	15	16	25	16	18	15	16	25	64	72	60	64	16.3	4.58	5.20	4.40	4.04	4.61
15	16	29	16	16	15	16	29	16	16	15	16	29	64	64	60	64	15.8	4.58	4.89	4.40	4.04	4.47
15	16	26	16	16	15	16	26	16	16	15	16	26	64	64	60	64	15.8	4.58	4.89	4.40	4.04	4.47
16	17	24	16	18	16	17	24	16	18	16	17	24	64	72	64	68	16.7	4.58	5.50	4.69	4.29	4.73
14	14	22	16	17	14	14	22	16	17	14	14	22	64	68	56	56	15.3	4.58	5.20	4.11	3.54	4.33
17	18	27	16	18	17	18	27	16	18	17	18	27.	64	72	68	72	17.3	4.58	5.50	4.98	4.55	4.89
17	18	25	18	18	17	18	25	18	18	17	18	25	72	72	68	72	17.8	5.15	5.50	4.98	4.55	5.04
17	18	28	16	18	17	18	28	16	18	17	18	28	64	72	68	72	17.3	4.58	5.50	4.98	4.55	4.89
17	18	26	16	18	17	18	26	16	18	17	18	26	64	72	68	72	17.3	4.58	5.50	4.98	4.55	4.89
18	19	26	16	19	18	19	26	16	19	18	19	26	64	76	72	76	18	4.58	5.71	5.28	4.81	5.09
18	19	30	16	18	18	19	30	16	18	18	19	30	64	72	72	76	17.8	4.58	5.50	5.28	4.81	5.04
18	20	30	16	18	18	20	30	16	18	18	20	30	64	72	72	80	18	4.58	5.50	5.28	5.05	5.09
17	18	30	16	18	17	18	30	16	18	17	18	30	64	72	68	72	17.3	4.58	5.50	4.98	4.55	4.89
18	20	30	16	18	18	20	30	16	18	18	20	30	64	72	72	80	18	4.58	5.50	5.28	5.05	5.09
18	20	30	16	18	18	20	30	16	18	18	20	30	64	72	72	80	18	4.58	5.50	5.28	5.05	5.09
18	21	30	16	18	18	21	30	16	18	18	21	30	64	72	72	84	18.3	4.58	5.50	5.28	5.30	5.18
17.5	23.5	27.5	15.5	17.5	17.5	23	27.5	15.5	17.5	17.3	23	27.5	62	70	70	92	18.4	4.44	5.35	5.13	5.81	5.21
18	21	30	16	18	18	21	30	16	18	18	21	30	64	72	72	84	18.3	4.58	5.50	5.28	5.30	5.18
19	23	33	15	17	19	23	33	15	17	19	23	33	60	68	76	92	18.5	4.29	5.20	5.57	5.81	5.23
17	21.5	29	16	17	17	21.5	29	16	17	17	21.5	29	64	68	68	86	19.9	4.58	5.20	4.98	5.43	5.06
18	21.5	30	16	18	18	21.5	30	16	18	18	21.5	30	64	72	72	86	18.4	4.58	5.50	5.28	5.43	5.21
19	22	31	16	16	19	22	31	16	16	19	22	31	64	64	76	88	18.3	4.58	4.89	5.57	5.56	5.18
18	21	31	16	17	18	21	31	16	17	18	.....	31	64	68	72	84	18.3	4.58	5.20	5.28	5.30	5.18
19	23	33	15	17	19	23	33	15	17	19	23	33	60	68	76	92	18.5	4.29	5.20	5.57	5.81	5.23
19	23	33	15	17	19	23	33	15	17	19	23	33	60	68	76	92	18.5	4.29	5.20	5.57	5.81	5.23
.....	.....	27.9	.....	.....	.....	.....	27.9	.....	.....	.....	.....	27.9	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
20,672	24,192	.....	21,632	20,224	21,120	24,640	.....	25,312	23,904	24,800	28,320	.....	89,312	83,680	87,264	101,344	.....	.....	.....	.....	.....	.....
646	756	.....	6.76	632	6.50	7.70	.....	791	747	775	885	.....	.....	.....	.....	.....	.....	698	654	682	792	.....
529.3	584.8	.....	510.48	550.3	529.3	584.8	.....	510.48	550.3	529.3	584.8	.....	2,041.92	2,201.2	2,117.2	2,339.2	.....	.....	.....	.....	.....	.....
16.5	18.2	.....	16.8	17.2	16.5	18.2	.....	16.8	17.2	16.5	18.2	.....	16.1	17.2	16.5	18.3	17	.....	.....	.....	.....	.....
5.12	4.83	.....	4.72	5.43	5.01	4.75	.....	4.03	4.60	4.27	4.13	.....	.....	.....	.....	.....	.....	4.57	5.26	4.85	4.62	.....
.....	.....	.....	.....	4.97	.....	.....	.....	.....	4.25	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	4.81

Exhibit "K" to Compton.

Rates on lumber, carloads, in cents per hundred pounds from stations on Louisville and Nashville R. R.

From		M. & M. division.		A. & F. division.		Sou. Ala. division.		N.O.& M.division.		Total mileage.	Average mileage.	Total rates.	Average rates.	Rate per ton per mile.
To—		Distance from Doliver.	Rate.	Distance from Eleanor.	Rate.	Distance from Manistee.	Rate.	Distance from Lookout.	Rate.					
Rock Island	Ill.	957	26	957	26	971	26	1,086	26	3,971	992	104	26	5.21
Quincy	"	919	26	919	26	933	26	1,048	26	3,819	955	104	26	5.44
Litchfield	"	810	23.8	810	2.38	824	23.8	939	23.8	3,383	844	95.2	23.8	5.63
Peoria	"	866	25	866	25	880	25	995	25	3,607	902	100	25	5.54
Streator	"	881	26	881	26	895	26	1,010	26	3,667	917	104	26	5.66
Joliet	"	903	26	903	26	917	26	1,032	26	3,755	939	104	26	5.54
Chicago	"	905	26	905	26	919	26	1,034	26	3,763	941	104	26	5.53
Danville	"	783	25	783	25	797	25	912	25	3,275	819	100	25	6.11
Milwaukee	Wis.	990	29	990	29	1,004	29	1,119	29	4,103	1,026	116	29	5.65
Michigan City	Ind.	899	26	899	26	913	26	1,028	26	3,739	985	104	26	5.56
Terre Haute	"	727	24	727	24	741	24	856	24	3,051	763	96	24	6.29
Vincennes	"	670	22	670	22	684	22	799	22	2,823	706	88	22	6.23
Logansport	"	833	27	833	27	847	27	962	27	3,475	869	108	27	6.21
Indianapolis	"	756	25	756	25	770	25	885	25	3,167	792	100	25	6.31
Elkhart	"	905	28	905	28	919	28	1,034	28	3,763	941	112	28	5.95
Frankfort	"	804	26	804	26	918	26	933	26	3,359	839	104	26	6.19
Greencastle	"	761	26	761	26	775	26	890	26	3,187	797	104	26	6.52
Kalamazoo	Mich.	947	30	947	30	961	30	1,076	30	3,931	983	120	30	6.11
Jackson	"	953	30	953	30	967	30	1,082	30	3,955	989	120	30	6.06
Grand Rapids	"	995	30	995	30	1,009	30	1,124	30	4,123	1,031	120	30	5.82
Detroit	"	998	30	998	30	1,012	30	1,127	30	4,135	1,034	120	30	5.80
Alvordton	Ohio.	957	30	957	30	971	30	1,086	30	3,971	993	120	30	6.04
Toledo	"	958	30	958	30	972	30	1,087	30	3,975	994	120	30	6.03
Dayton	"	812	27.5	812	27.5	826	27.5	941	27.5	3,391	848	110	27.5	6.48
Sandusky	"	967	30	967	30	981	30	1,096	30	4,011	1,003	120	30	5.98
Bellaire	"	1,009	33	1,009	33	1,023	33	1,138	33	4,179	1,045	132	33	6.41
Columbus	"	872	29	872	29	886	29	1,001	29	3,631	908	116	29	6.38
Mansfield	"	935	30	935	30	949	30	1,064	30	3,883	971	120	30	6.18
Gallipolis	"	925	31	925	31	939	31	1,054	31	3,843	961	124	31	6.45
Cleveland	"	1,000	31	1,000	31	1,014	31	1,129	31	4,143	1,036	124	31	5.98
Pittsburg	Pa.	1,065	33	1,065	33	1,079	33	1,194	33	4,403	1,101	132	33	5.99
Buffalo	N. Y.	1,185	33	1,183	33	1,197	33	1,312	33	4,875	1,214	132	33	5.41
Cincinnati	Ohio.	756	23	756	23	770	23	885	23	3,167	792	92	23	5.81
Louisville	Ky.	646	21	646	21	660	21	775	21	2,727	682	84	21	6.16
Evansville	Ind.	618	22	618	22	632	22	747	22	2,615	654	88	22	6.73
Cairo (proper)	Ill.	662	22	662	22	676	22	791	22	2,791	698	88	22	6.31

Rates on lumber, carloads, in cents per hundred pounds from stations on Louisville and Nashville R. R.—Continued.

From	M. & M. division.		A. & F. division.		Sou. Ala. division.		N. O. & M. division.		Total mileage.	Average mileage.	Total rates.	Average rates.	Rate per ton per mile.
To—	Distance from Doliver.	Rate.	Distance from Eleanor.	Rate.	Distance from Manistee.	Rate.	Distance from Lookout.	Rate.					
Cairo (beyond)....Ill.	662	16	662	16	576	16	791	16	2,791	698	64	16	4.59
St. Louis....Mo.	782	22	782	22	796	22	911	22	3,271	818	88	22	5.38
Mt. Vernon....Ill.	704	20	704	20	718	20	853	20	2,959	739	80	20	5.41
Total mileage	33,775		33,775		34,321		39,806		140,677				
Average mileage										903			
Total rates		1,040.3		1,040.3		1,040.3		1,040.3			4,161.2		
Average rates												26.2	
Rate per ton per mile (mills)													5.92

From	Lulaton, Ga., A. C. Line.			Tifton, Ga., A. C. Line.			Barbers, Ga., T. T. & G. Ry.		
To—	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.
Rock Island, Ill.	1,074	1,143	27	978	1,028	27	1,000	1,034	28
Quincy, "	1,031	1,105	27	931	980	27	953	986	28
Litchfield, "	914	996	24.8	814	881	24.8	836	887	25.32
Peoria, "	983	1,052	26	887	937	26	909	943	27
Streator, "	998	1,067	27	932	952	27	924	958	28
Joliet, "	1,020	1,089	27	924	974	27	946	980	28
Chicago, "	1,022	1,091	27	926	976	27	948	982	28
Danville, "	900	960	26	804	854	26	826	860	27
Milwaukee, Wis.	1,107	1,176	30	1,011	1,061	30	1,033	1,067	31
Michigan City, Ind.	1,009	1,085	27	920	970	27	935	976	28
Terre Haute, "	844	913	25	748	798	25	770	804	26
Vincennes, "	787	856	23	691	745	23	713	747	24
Logansport, "	932	1,019	28	836	904	28	858	910	29
Indianapolis, "	855	942	26	759	827	26	830	833	27
Elkhart, "	1,004	1,091	29	908	976	29	930	982	30
Frankfort, "	903	990	27	807	875	27	829	881	28
Greencastle, "	878	947	27	782	832	27	804	838	28
Kalamazoo, Mich.	1,023	1,133	31	927	1,018	38	949	1,024	32
Jackson, "	1,008	1,139	31	912	1,024	31	934	1,030	32
Grand Rapids, "	1,072	1,172	31	976	1,066	31	998	1,072	32
Detroit, "	1,025	1,184	31	929	1,069	31	951	1,075	32
Alvordton, O.	994	1,143	31	898	1,028	31	920	1,034	32
Toledo, "	965	1,144	31	869	1,029	31	891	1,035	32
Dayton, "	819	1,098	28.5	723	883	28.5	745	889	28
Sandusky, "	974	1,153	31	878	1,038	31	900	1,044	32
Bellaire, "	1,016	1,105	34	920	1,080	34	942	1,086	34
Columbus, "	879	1,058	30	783	943	30	805	949	31
Mansfield, "	942	1,132	31	846	1,006	31	868	1,012	32
Gallipolis, "	932	1,112	32	836	996	32	858	1,002	33
Cleveland, "	1,007	1,186	33	911	1,071	32	933	1,077	33
Pittsburg, Pa.	1,072	1,251	34	976	1,136	34	998	1,142	34
Buffalo, N. Y.	1,190	1,269	34	1,094	1,254	34	1,116	1,260	34
Cincinnati, O.	763	942	24	667	827	24	689	833	25
Louisville, Ky.	745	872	22	649	717	22	671	623	23
Evansville, Ind.	735	804	23	639	689	23	661	695	24
Cairo proper, Ill.	744	848	21	644	733	21	666	739	22
Cairo beyond, "	744	848	17	644	733	17	666	739	18
St. Louis, Mo.	892	968	24	792	853	24	814	854	25
Mt. Vernon, Ill.	821	800	24	725	775	24	747	781	22
Total mileage	36,503	41,032	.....	32,836	36,544	.....	33,736	36,678	.....
Average mileage	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total rate	.....	.....	1,081.3	.....	.....	1,081.3	.....	.....	1,112.32
Average rate	.....	.....	.....	.....	.....	.....	.....	.....	.....
Rate per ton per mile (mills)	5.91	5.27	.....	6.59	5.92	.....	6.59	6.06	.....

Short-line distances figured via available routes.

Exhibit "L" to Compton.

Rates on lumber, carloads, in cents per hundred pounds, from southeastern territory to northern and western points, showing distances, averages, and rate per ton per mile.

..., T. T. & G. Ry.		Adel, Ga., G., S. & F. Ry.			Valdosta, Ga.			Argyle, Ga., A. C. Line.			Pitts, Ga., S. A. Line.			Philema, Ga., A. & N. R'y			Harding, Ga., T. & NE. R. R.			Baxley, Ga., Sou. Ry.			Total mileage.		Av...
Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	L. & N.	S... L...
1,034	28	1,001	1,055	27	1,025	1,056	27	1,065	1,096	27	953	987	27	959	993	27.5	992	1,028	27	991	.....	26	10,038	9,420	
996	28	954	997	27	937	1,018	27	1,025	1,058	27	918	949	27	902	955	27.5	952	990	27	950	.....	26	9,603	9,058	
887	25.32	837	888	24.32	871	907	23.8	908	949	24.8	796	840	28.8	785	846	24.82	835	881	25	844	.....	23.82	8,440	8,075	
943	27	910	944	26	934	965	26	974	1,005	26	862	896	26	868	902	26.5	901	937	20	900	.....	25	9,128	8,581	
958	28	925	959	27	949	980	27	989	1,020	27	877	911	27	883	917	27.5	904	952	27	915	.....	26	9,266	8,716	
980	28	947	981	27	971	1,002	27	1,011	1,042	27	899	933	27	905	939	27.5	938	974	27	937	.....	26	9,498	8,914	
982	28	949	983	27	973	1,004	27	1,013	1,049	27	901	935	27	907	941	27.5	940	976	27	939	.....	26	9,518	8,932	
860	27	827	861	26	851	882	26	891	922	26	779	813	26	785	819	26.5	818	854	26	817	.....	25	8,298	7,834	
1,067	31	1,034	1,068	30	1,058	1,089	30	1,098	1,129	30	986	1,020	30	992	1,026	30.5	1,025	1,061	30	1,024	.....	29	10,368	9,697	
976	28	936	977	27	960	998	27	1,000	1,038	27	888	929	27	901	935	27.5	927	970	27	926	.....	28	9,402	8,878	
804	26	771	805	25	795	826	25	835	866	25	723	759	25	729	763	25.5	762	798	25	761	.....	24	7,738	7,332	
747	24	714	748	23	738	769	23	778	809	23	666	700	23	672	706	23.5	705	741	23	704	.....	22	7,168	6,817	
910	29	859	911	28	883	932	28	923	972	28	811	863	28	817	869	28.5	850	904	28	849	.....	27	8,618	8,284	
833	27	782	834	26	806	855	26	846	895	26	734	886	26	740	792	26.5	773	827	27	772	.....	26	7,897	7,691	
982	30	931	983	29	955	1,004	29	995	1,044	29	883	1,035	29	889	941	29.5	922	976	29	921	.....	28	9,338	9,032	
881	28	830	882	27	854	903	27	894	943	27	782	834	27	788	840	27.5	821	875	27	820	.....	26	8,328	8,023	
838	28	805	839	27	829	860	27	869	900	27	757	723	27	763	797	27.5	796	832	27	795	.....	26	8,078	7,568	
1,024	32	950	1,025	31	974	1,046	31	1,014	1,086	31	902	977	31	908	983	31.5	941	1,018	31	940	.....	30	9,528	9,310	
1,030	32	935	1,031	31	959	1,052	31	999	1,092	31	887	983	31	893	989	31.5	926	1,024	31	925	.....	30	9,378	9,364	
1,072	32	999	1,073	31	1,023	1,094	31	1,063	1,134	31	951	1,025	31	957	1,031	31.5	990	1,066	31	989	.....	30	10,021	9,733	
1,075	32	952	1,075	31	976	1,097	31	1,016	1,137	31	904	1,028	31	910	1,034	31.5	943	1,069	31	942	.....	30	9,548	9,768	
1,034	32	891	1,035	31	915	1,056	31	955	1,096	31	843	987	31	849	993	31.5	882	1,028	31	881	.....	30	8,938	9,400	
1,035	32	892	1,036	31	916	1,057	31	956	1,097	31	844	988	31	850	994	31.5	883	1,029	31	882	.....	30	8,948	9,409	
889	28	746	890	27	770	911	28.5	810	951	28.5	698	837	28.5	704	848	27.5	737	883	27	736	.....	26	7,488	8,180	
1,044	32	901	1,045	31	925	1,066	31	965	1,106	31	853	997	31	859	1,003	31.5	892	1,038	31	991	.....	30	9,138	9,490	
1,086	34	943	1,087	33	967	1,108	34	1,007	1,148	34	895	1,039	33	901	1,045	33.5	934	1,080	33	933	.....	32	9,458	9,868	
949	31	806	950	30	830	971	30	870	1,011	30	758	902	30	764	908	30.5	797	943	30	796	.....	29	8,088	8,635	
1,012	32	869	1,013	31	893	1,034	31	933	1,074	31	821	965	31	827	971	31.5	860	1,006	31	859	.....	30	8,718	9,213	
1,002	33	859	1,003	32	883	1,024	32	923	1,064	32	811	955	32	817	961	32.5	850	996	32	849	.....	31	8,618	9,113	
1,077	33	934	1,078	32	958	1,099	32	998	1,139	32	886	1,030	32	892	1,036	32.5	925	1,071	32	924	.....	31	9,368	9,787	
1,142	34	999	1,143	33	1,023	1,164	34	1,063	1,204	34	951	1,095	32	957	1,101	33.5	990	1,036	33	989	.....	32	10,018	10,272	
1,260	34	1,117	1,261	33	1,041	1,282	34	1,181	1,322	34	1,069	1,213	33	1,075	1,219	33.5	1,108	1,254	33	1,107	.....	33	11,048	11,334	
833	25	690	834	24	714	855	24	754	895	24	642	786	24	648	792	24.5	681	827	24	680	.....	23	6,928	7,591	
623	23	672	724	22	696	745	22	736	795	22	624	676	22	630	682	22.5	663	717	22	662	.....	21	6,748	6,511	
695	24	662	696	23	686	717	23	726	757	23	614	648	23	620	654	23.5	653	689	23	652	.....	22	6,648	6,349	
739	22	667	740	21	691	761	23	738	801	21	626	692	21	615	698	21.5	665	733	21	695	.....	16	6,751	6,745	
739	18	667	740	17	691	761	17	738	801	17	626	692	17	615	698	17.5	665	733	17	695	.....	16	6,751	6,745	
854	25	826	860	24	839	881	23	886	921	24	774	812	24	763	818	24.5	813	853	24	816	.....	20	8,215	7,825	
781	22	748	782	21	772	803	21	812	843	24	700	734	21	706	740	21.5	739	775	21	738	.....	20	7,508	7,123	
30,678	.....	33,737	36,836	.....	34,581	37,634	.....	36,257	39,206	.....	31,894	35,074	.....	32,045	35,179	.....	33,398	36,444	.....	33,546	.....	.....	338,626	334,627	.....
.....	1,112.32	.....	.....	1,073.32	.....	.....	1,078.3	.....	.....	1,081.3	.....	.....	1,078.3	.....	.....	1,092.82	.....	.....	1,075	.....	.....	1,031.82	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
6.06	.....	6.36	5.82	.....	6.24	5.73	.....	5.96	5.52	.....	6.76	6.12	.....	6.82	6.21	.....	6.44	5.90	.....	6.15	.....	.....	.....	.....	.....

pton.

western points, showing distances, averages, and rate per ton per mile.

Pitts, Ga., S. A. Line.			Philema, Ga., A. & N. Ry.			Harding, Ga., T. & NE. R. R.			Baxley, Ga., Sou. Ry.			Total mileage.		Average mileage.		Total rates.	Average rate.	Rate per ton per mile.	
Via Short Line.	Via L. & N.	Rate.	Via Short Line.	L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	L. & N.	Via Short Line.	L. & N.			Via Short Line.	L. & N.
953	987	27	959	993	27.5	992	1,028	27	991	.....	26	10,038	9,420	100.4	104.6	270.5	27.1	5.39	5.19
918	949	27	902	955	27.5	952	990	27	950	.....	26	9,603	9,058	96.0	100.6	270.5	27	5.63	5.41
790	840	28.8	785	846	24.82	835	881	25	844	.....	23.82	8,440	8,075	84.4	89.7	250.28	25	5.64	5.61
862	896	26	868	902	26.5	901	937	20	900	.....	25	9,128	8,581	91.3	95.3	260.5	26.1	5.71	5.49
877	911	27	883	917	27.5	904	952	27	915	.....	26	9,266	8,716	92.7	96.8	270.5	27	5.84	5.61
899	933	27	905	939	27.5	938	974	27	937	.....	26	9,498	8,914	95.0	99.0	270.5	27.1	5.70	5.49
901	935	27	907	941	27.5	940	976	27	939	.....	26	9,518	8,932	95.2	99.2	270.5	27	5.65	5.47
779	813	26	785	819	26.5	818	854	26	817	.....	25	8,298	7,834	83.0	87.0	260.5	26.1	6.28	6.01
986	1,020	30	992	1,026	30.5	1,025	1,061	30	1,024	.....	29	10,368	9,697	103.7	107.7	300.5	30	5.80	5.60
898	929	27	901	935	27.5	927	970	27	926	.....	28	9,402	8,878	94.0	98.6	272.5	27.2	5.80	5.01
723	759	25	729	763	25.5	762	798	25	761	.....	24	7,738	7,332	77.4	81.5	250.5	25	6.85	6.19
676	700	23	672	706	23.5	705	741	23	704	.....	22	7,168	6,817	71.7	75.7	230.5	23.1	6.43	6.12
811	863	28	817	869	28.5	850	904	28	849	.....	27	8,618	8,284	86.2	92.0	280.5	28	6.51	6.00
724	886	26	740	792	26.5	773	827	27	772	.....	26	7,897	7,691	79.0	85.5	261.5	26.2	6.62	6.12
883	1,035	29	889	941	29.5	922	976	29	921	.....	28	9,338	9,032	93.4	103.4	290.5	29.1	6.22	5.81
782	834	27	788	840	27.5	821	875	27	820	.....	26	8,328	8,023	83.3	89.1	270.5	27	6.50	6.06
737	723	27	763	797	27.5	796	832	27	795	.....	26	8,078	7,568	80.8	84.1	270.5	29.1	6.70	6.46
902	977	31	908	983	31.5	941	1,018	31	940	.....	30	9,528	9,310	95.3	103.4	310.5	31	6.52	6.02
887	983	31	893	989	31.5	926	1,024	31	925	.....	30	9,378	9,364	93.8	104.0	310.5	31.1	6.62	5.99
981	1,025	31	957	1,031	31.5	990	1,066	31	989	.....	30	10,021	9,733	100.2	108.1	310.5	31	6.20	5.76
904	1,028	31	910	1,034	31.5	943	1,069	31	942	.....	30	9,548	9,768	95.5	108.3	310.5	31.1	6.51	5.74
843	987	31	849	993	31.5	882	1,028	31	881	.....	30	8,938	9,400	89.4	104.4	310.5	31	6.95	5.97
844	988	31	850	994	31.5	883	1,029	31	882	.....	30	8,948	9,409	89.5	104.5	310.5	31.1	6.94	5.96
808	837	28.5	704	848	27.5	737	883	27	736	.....	26	7,488	8,180	74.9	91.0	273.0	27.8	7.45	6.15
963	997	31	859	1,003	31.5	892	1,038	31	991	.....	30	9,138	9,490	91.4	105.4	310.5	31	6.80	5.91
965	1,039	33	901	1,045	33.5	934	1,080	33	933	.....	32	9,458	9,868	94.6	109.6	334.5	33.4	7.07	6.13
738	902	30	764	908	30.5	797	943	30	796	.....	29	8,088	8,635	80.9	95.9	300.5	30.1	7.43	6.28
831	965	31	827	971	31.5	860	1,006	31	859	.....	30	8,718	9,213	87.2	102.4	310.5	31	7.12	6.09
911	955	32	817	961	32.5	850	996	32	849	.....	31	8,618	9,113	86.2	101.3	320.5	32.1	7.44	6.35
886	1,030	32	892	1,036	32.5	925	1,071	32	924	.....	31	9,368	9,787	93.7	108.7	321.5	32.2	6.80	5.93
951	1,095	32	957	1,101	33.5	990	1,036	33	989	.....	32	10,018	10,272	100.2	114.1	333.5	33.3	6.60	5.96
989	1,213	33	1,075	1,219	33.5	1,108	1,254	33	1,107	.....	33	11,048	11,334	111.0	125.9	333.5	33	6.01	5.30
642	786	24	648	792	24.5	681	827	24	680	.....	23	6,928	7,591	69.3	84.3	240.5	24.1	6.94	3.72
634	676	22	630	682	22.5	663	717	22	662	.....	21	6,748	6,511	67.5	72.3	220.5	22	6.54	6.13
636	692	21	615	698	21.5	665	733	21	695	.....	16	6,751	6,745	67.5	74.9	208.5	20.8	6.18	5.71
636	692	17	615	698	17.5	665	733	17	695	.....	16	6,751	6,745	67.5	74.9	170.5	17.1	5.05	4.58
774	812	24	763	818	24.5	813	853	24	816	.....	20	8,215	7,825	82.1	86.7	236.5	23.6	5.76	5.53
700	734	21	706	740	21.5	739	775	21	738	.....	20	7,508	7,123	75.1	79.1	219.5	21.9	5.85	5.60
894	35,074	.....	32,045	35,179	.....	33,398	36,444	.....	33,546	.....	.....	338,626	334,627	.....	.....	.....	.....	.....	.....
.....	.....	1,078.3	.....	.....	1,092.82	.....	.....	1,075	.....	.....	1,031.82	.....	.....	86.8	95.3	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	10,785.78	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	27.6	.....	.....
6.76	6.12	.....	6.82	6.21	.....	6.44	5.90	.....	6.15	.....	.....	.....	.....	.....	.....	.....	.....	6.37	5.23

From	Sterling, Ga., Sou. Ry.			Leary, Ga., Cent. of Ga. Ry.			Colquit, Ga., G., F. & A. R. R.			Climax, Ga., A. C. Line.			Pidcock, Ga., A. C. Line.			Hanson, Fla., Val. Sou. Ry.			Jasper, Fla., A. C. L.	
To—	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line	Via L. & N.
Rock Island....Ill..	1,051		26	976	988	27	951	998	28	1,083	1,083	27	1,024	1,028	27	1,046	1,077	28	1,055	1,109
Quincy.... " ..	1,013		26	915	950	27	890	960	28	1,022	1,022	27	963	990	27	1,008	1,039	28	1,008	1,051
Litchfield.... " ..	904		23.82	798	851	24.8	773	851	25.8	805	805	24.8	846	881	23.8	892	930	25.32	891	942
Peoria.... " ..	960		25	885	897	26	860	907	27	892	892	26	933	937	26	955	986	27	964	998
Streator.... " ..	975		26	900	912	27	875	921	28	907	907	27	948	952	27	970	1,001	28	979	1,013
Joliet.... " ..	997		26	922	934	27	897	944	28	1,019	1,019	27	970	974	27	992	1,023	28	1,001	1,075
Chicago.... " ..	999		26	924	936	27	899	946	28	931	931	27	972	976	27	994	1,025	28	1,003	1,037
Danville.... " ..	877		25	802	814	26	777	824	27	809	809	26	870	854	26	872	903	27	881	915
Milwaukee....Wis..	1,084		29	1,009	1,021	30	984	1,031	31	1,016	1,016	30	1,057	1,061	30	1,079	1,110	31	1,088	1,122
Michigan City....Ind..	986		28	918	930	27	893	940	28	925	925	27	966	970	27	981	1,019	28	990	1,031
Terre Haute.... " ..	821		24	746	758	25	721	768	26	753	753	25	794	798	25	816	847	26	825	859
Vincennes.... " ..	764		22	689	701	23	664	711	24	696	696	23	737	741	23	759	790	24	768	802
Logansport.... " ..	909		27	852	864	28	827	874	29	859	859	28	900	904	28	904	953	29	913	965
Indianapolis.... " ..	832		26	775	787	26	750	797	27	782	782	26	823	827	26	827	876	28	836	888
Elkhart.... " ..	981		28	924	936	29	899	946	30	931	931	29	971	976	29	976	1,025	30	985	1,037
Frankfort.... " ..	880		26	823	835	27	798	845	28	830	830	27	871	875	27	875	924	28	884	936
Greencastle.... " ..	855		26	780	792	27	755	802	28	787	787	27	828	832	27	850	881	28	859	893
Kalamazoo....Mich..	1,000		30	949	978	31	941	988	32	973	973	31	992	1,018	31	995	1,067	32	1,004	1,079
Jackson.... " ..	985		30	934	984	31	947	994	32	979	979	31	977	1,024	31	980	1,073	32	989	1,085
Grand Rapids.... " ..	1,049		30	998	1,026	31	989	1,036	32	1,021	1,021	31	1,062	1,066	31	1,044	1,115	32	1,053	1,127
Detroit.... " ..	1,002		30	951	1,029	31	977	1,039	32	1,019	1,019	31	994	1,069	31	997	1,118	32	1,006	1,130
Alvordton....O ..	941		30	890	988	31	916	998	32	958	958	31	933	1,028	31	936	1,077	32	945	1,089
Toledo.... " ..	942		30	891	989	31	917	999	32	959	959	31	934	1,029	31	937	1,078	32	946	1,090
Dayton.... " ..	796		26	745	843	28.5	771	853	29.5	813	813	28.5	788	883	28.5	791	932	28	800	944
Sandusky.... " ..	951		30	900	998	31	926	1,008	32	968	968	31	943	1,038	31	946	1,087	32	955	1,099
Bellaire.... " ..	993		32	942	1,040	33	968	1,050	35	920	920	34	985	1,070	34	988	1,129	34	997	1,141
Columbus.... " ..	856		29	805	903	30	831	913	31	873	873	30	848	943	30	851	992	31	860	1,004
Mansfield.... " ..	919		30	868	966	31	894	976	32	936	936	31	911	1,006	31	914	1,055	32	923	1,067
Gallipolis.... " ..	909		31	858	956	32	884	966	33	926	926	32	901	996	32	904	1,045	33	913	1,057
Cleveland.... " ..	984		31	933	1,031	32	959	1,041	33	1,001	1,001	32	976	1,071	32	979	1,120	33	988	1,132
Pittsburg....Pa..	1,049		32	998	1,096	33	1,024	1,106	35	1,066	1,066	34	1,041	1,136	34	1,044	1,185	34	1,053	1,197
Buffalo....N. Y..	1,167		33	1,116	1,214	33	1,142	1,224	35	1,184	1,184	34	1,159	1,254	34	1,092	1,303	34	1,171	1,315
Cincinnati....O..	740		23	689	787	24	715	797	25	757	757	24	732	827	24	735	876	25	744	888
Louisville....Ky..	722		21	665	677	22	640	687	23	692	692	22	713	727	22	717	766	23	726	778
Evansville....Ind..	712		22	637	649	23	612	659	24	644	644	23	685	689	23	707	738	24	716	750
Cairo, proper....Ill..	755		16	628	693	17	603	703	22	635	635	21	676	733	23	712	782	22	721	794
Cairo, beyond.... " ..	755		16	628	693	17	603	703	18	635	635	17	676	733	17	712	782	18	721	794
St. Louis....Mo..	876		20	776	813	24	751	823	25	783	783	24	824	853	23	860	902	25	880	914
Mt. Vernon....Ill..	798		20	723	735	21	698	745	22	730	730	24	771	775	21	793	824	22	802	836
Total mileage	35,789			33,162	34,994		32,921	35,373		34,519	34,519		34,994	36,544		35,400	38,455		35,843	38,983
Average mileage																				
Total rates			1,031.82			1,071.3			1,117.3			1,081.3			1,078.3			1,113.3		
Average rate																				
Rate per ton per mile (mills)	5.79			6.46	6.12		6.79	6.32		6.26	6.26		6.16	5.90		6.29	5.79		6.22	5.71

L. & N. total mileage does not include distances from Sterling. In figuring rate per ton per mile via L. & N., the total of the Sterling rates has been deducted.

Rou. Ry.	Jasper, Fla., A. C. Line.			Haylow, Ga., G. S. & F. Ry.			Folkston, Ga., A. C. Line.			Boulogne, Fla., A. C. Line.			Total mileage.		Average mileage.		Total rates.	Average rate.	Rate per ton per mile.	
Rate.	Via Short Line	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Short Line.	L. & N.	Short Line.	L. & N.			Via Short Line.	Via L. & N.
R 28	1,055	1,109	28	1,046	1,101	28	1,074	1,149	28	1,086	1,153	28	10,392	9,686	1,039	1,076	275	27.5	5.29	5.14
Q 28	1,008	1,051	28	1,000	1,043	28	1,035	1,111	28	1,039	1,115	28	9,893	9,281	9,891	1,031	275	27.5	5.56	5.37
L 25.32	891	942	25.32	883	934	25.32	918	1,002	25.8	922	1,006	25.8	8,632	8,202	863	911	250.58	25.1	5.80	5.53
P 27	964	998	27	956	990	27	983	1,058	27	995	1,062	27	9,383	8,727	938	970	265	26.5	5.65	5.50
S 28	979	1,013	28	971	1,005	28	998	1,073	28	1,010	1,077	28	9,533	8,861	953	985	275	27.5	5.78	5.62
J. 28	1,001	1,075	28	993	1,027	28	1,020	1,095	28	1,032	1,099	28	9,843	9,190	984	1,021	275	27.5	5.59	5.42
C 28	1,003	1,037	28	995	1,029	28	1,022	1,097	28	1,034	1,101	28	9,773	9,078	977	1,009	275	27.5	5.63	5.49
D 27	881	915	27	873	904	27	900	965	27	912	979	27	8,573	7,967	857	885	265	26.5	6.18	6.02
M 31	1,088	1,122	31	1,080	1,114	31	1,107	1,182	31	1,119	1,186	31	10,623	9,843	1,062	1,094	305	30.5	5.64	5.60
M 28	990	1,031	28	982	1,123	28	1,009	1,091	28	1,028	1,095	28	9,678	9,124	968	1,014	277	27.7	5.72	5.46
T 26	825	859	28	817	851	26	844	919	26	856	923	26	7,993	7,476	799	831	257	25.7	6.43	6.23
V 24	768	802	24	760	794	24	787	862	24	799	866	24	7,423	6,963	742	774	235	23.5	6.33	6.12
L 29	913	965	29	905	957	29	932	1,025	29	944	1,029	29	8,945	8,430	895	936	285	28.5	6.37	6.12
It 28	836	888	27	828	880	27	855	948	27	867	952	27	8,175	7,737	818	859	267	26.7	6.53	6.23
E 30	985	1,037	30	977	1,029	30	1,004	1,097	30	1,016	1,101	30	9,664	9,078	966	1,009	295	29.5	6.10	5.88
F 28	884	936	28	876	928	28	903	996	28	915	1,000	28	8,655	8,169	866	908	275	27.5	6.35	6.08
G 28	859	893	28	851	855	28	878	953	28	890	957	28	8,333	7,752	833	861	275	27.5	6.60	6.42
K 32	1,004	1,079	32	996	1,071	32	1,023	1,139	32	1,035	1,143	32	9,908	9,456	991	1,051	315	31.5	6.36	6.03
Jt 32	989	1,085	32	981	1,077	32	1,008	1,145	32	1,020	1,149	32	9,800	9,510	980	1,057	315	31.5	6.48	5.99
G 32	1,053	1,127	32	1,045	1,119	32	1,072	1,187	32	1,084	1,191	32	10,417	9,888	1,042	1,099	315	31.5	6.05	5.76
D 32	1,006	1,130	32	998	1,122	32	1,025	1,190	32	1,037	1,194	32	10,006	9,910	1,001	1,101	315	31.5	6.29	5.75
A 32	945	1,089	32	937	1,081	32	964	1,149	32	976	1,153	32	9,396	9,521	940	1,058	315	31.5	6.70	5.99
T 32	946	1,090	32	938	1,082	32	965	1,150	32	977	1,154	32	9,406	9,530	941	1,059	315	31.5	6.70	5.98
D 28	800	944	28	792	936	28	819	1,004	29.5	831	1,008	29.5	7,946	8,216	795	913	284	28.4	7.15	6.28
S 32	955	1,099	32	945	1,091	32	974	1,159	32	986	1,163	32	9,494	9,611	949	1,068	315	31.5	6.63	5.93
B 34	997	1,141	34	989	1,133	34	1,016	1,201	35	1,028	1,205	35	9,826	9,889	983	1,099	340	34.0	6.92	6.23
C 31	860	1,004	31	852	996	31	879	1,064	31	891	1,068	31	8,546	8,756	855	973	305	30.5	7.14	6.30
M 32	923	1,067	32	915	1,059	32	942	1,127	32	954	1,131	32	9,176	9,323	918	1,036	315	31.5	6.86	6.11
G 33	913	1,057	33	905	1,049	33	932	1,117	33	944	1,121	33	9,076	9,233	908	1,026	325	32.5	7.16	6.37
Cl 33	988	1,132	33	980	1,124	33	1,007	1,192	33	1,019	1,196	33	9,826	9,908	983	1,101	325	32.5	6.61	5.93
P 34	1,053	1,197	34	1,045	1,189	34	1,072	1,257	35	1,084	1,261	35	10,476	10,493	1,048	1,166	340	34.0	6.49	5.87
B 34	1,171	1,315	34	1,163	1,307	34	1,190	1,375	35	1,202	1,379	35	11,556	11,555	1,156	1,284	341	34.1	5.90	5.33
Cl 25	744	888	25	736	980	25.	763	948	25	775	952	25	7,386	7,812	739	868	245	24.5	6.63	5.68
L 23	726	778	23	718	770	23	745	838	23	757	842	23	7,095	6,777	709	753	225	22.5	6.48	6.02
E 24	716	750	24	708	742	24	735	810	24	747	814	24	6,903	6,495	690	721	235	23.5	6.81	6.56
Cl 22	721	794	22	713	786	22	748	854	22	752	858	22	6,943	6,838	694	759	209	20.9	6.02	5.64
Cl 18	721	794	18	713	786	18	748	854	18	752	858	18	6,943	6,838	694	759	175	17.5	5.04	4.65
St 25	880	914	25	872	906	25	896	974	24	900	978	25	8,418	7,946	842	883	240	24.0	5.70	5.54
M 22	802	836	22	795	828	22	821	896	22	833	900	25	7,764	7,269	776	807	221	22.1	5.69	5.53
.....	35,843	38,983	.....	35,529	38,798	.....	36,613	41,253	.....	37,048	41,419	.....	351,818	340,338	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	902	970	.....	.....	.....	.....
1,113.3	.....	.....	1,114.32	.....	.....	1,112.32	.....	.....	1,116.3	.....	.....	1,120.3	.....	.....	.....	.....	10,956.58	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	28.0	.....	.....
.....	6.22	5.71	.....	6.26	5.73	.....	6.10	5.41	.....	6.04	5.41	.....	.....	.....	.....	.....	.....	.....	6.23	8.53

From	Jacksonville, Fla., A.C. Line.			Palatka, Fla., G.S. & F. Ry.			Lake Butler, Fla., G.S. & F. Ry.			Hague, Fla., A.C. Line.			Genoa, Fla., G.S. & F. Ry.			Crawford, Fla., G.S. & F. Ry.			Total mileage.		A
To—	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	S
Rock Island.....Ill..	1,115	1,190	27	1,158	1,212	29	1,106	1,160	29	1,141	1,189	29	1,066	1,120	28	1,117	1,171	28	6,703	7,042	
Quincy....." ..	1,076	1,152	27	1,111	1,154	29	1,059	1,102	29	1,074	1,151	29	1,019	1,062	28	1,070	1,113	28	6,409	6,734	
Litchfield....." ..	950	1,043	24.8	994	1,045	26.32	942	993	26.32	957	1,042	26.8	902	953	25.32	953	1,004	25.32	5,698	6,080	
Peoria....." ..	1,024	1,099	26	1,067	1,101	28	1,015	1,049	28	1,050	1,098	28	975	1,009	27	1,026	1,060	27	6,157	6,416	
Streator....." ..	1,039	1,114	27	1,082	1,116	29	1,030	1,064	29	1,065	1,113	29	990	1,024	28	1,041	1,075	28	6,247	6,506	
Joliet....." ..	1,061	1,136	27	1,104	1,138	29	1,052	1,086	29	1,097	1,135	29	1,012	1,046	28	1,063	1,097	28	6,389	6,638	
Chicago....." ..	1,063	1,138	27	1,106	1,140	29	1,054	1,088	29	1,089	1,137	29	1,014	1,048	28	1,065	1,099	28	6,391	6,650	
Danville....." ..	941	1,016	26	984	1,018	28	932	966	28	987	1,015	28	892	926	27	943	977	27	5,679	5,918	
Milwaukee.....Wis..	1,148	1,223	30	1,191	1,225	32	1,139	1,173	32	1,174	1,222	32	1,099	1,133	31	1,150	1,184	31	6,901	7,160	
Michigan City.....Ind..	1,050	1,132	27	1,093	1,134	29	1,041	1,082	29	1,018	1,131	29	1,001	1,042	28	1,052	1,093	28	6,255	6,614	
Terre Haute....." ..	885	960	25	928	962	27	876	910	27	911	959	27	836	870	26	887	921	26	5,323	82	
Vincennes....." ..	828	903	23	871	905	25	819	853	25	855	902	25	779	813	24	830	864	24	4,982	5,240	
Logansport....." ..	973	1,066	28	1,016	1,068	30	964	1,016	30	941	1,065	30	924	976	29	975	1,027	29	5,793	6,218	
Indianapolis....." ..	896	989	26	939	995	28	887	939	28	864	988	28	847	899	27	898	950	27	5,331	5,760	
Elkhart....." ..	1,045	1,138	29	1,088	1,140	31	1,036	1,088	31	1,013	1,137	31	996	1,048	30	1,047	1,099	30	6,225	6,650	
Frankfort....." ..	944	1,037	27	987	1,039	29	935	987	29	912	1,036	29	895	947	28	946	998	28	5,619	6,044	
Greencastle.....Mich..	919	994	27	962	996	29	910	944	29	901	993	29	870	904	28	921	955	28	5,483	5,786	
Kalamazoo.....Mich..	1,060	1,180	31	1,107	1,182	33	1,055	1,130	33	1,032	1,179	33	1,015	1,090	32	1,066	1,141	32	6,335	6,902	
Jackson....." ..	1,049	1,186	31	1,092	1,188	33	1,040	1,136	33	1,017	1,185	33	1,000	1,096	32	1,051	1,147	32	6,249	6,938	
Grand Rapids....." ..	1,113	1,228	31	1,156	1,230	33	1,104	1,178	33	1,081	1,227	33	1,064	1,138	32	1,115	1,189	32	6,633	7,190	
Detroit.....O..	1,066	1,231	31	1,109	1,233	33	1,057	1,181	33	1,034	1,230	33	1,017	1,141	32	1,068	1,192	32	6,351	7,208	
Alvordton.....O..	1,005	1,190	31	1,048	1,192	33	996	1,140	33	973	1,189	33	956	1,100	32	1,007	1,151	32	5,985	6,962	
Toledo.....O..	1,006	1,191	31	1,049	1,193	33	997	1,141	33	974	1,190	33	957	1,101	32	1,008	1,052	32	5,991	6,868	
Dayton.....O..	860	1,045	28.5	903	1,047	29	851	995	29	828	1,044	30.5	811	955	28	862	1,006	28	5,115	6,092	
Sandusky.....O..	1,015	1,200	31	1,058	1,202	33	1,006	1,150	33	983	1,199	33	966	1,110	32	1,017	1,161	32	6,045	7,022	
Bellaire.....O..	1,057	1,242	34	1,100	1,244	35	1,048	1,192	35	1,025	1,241	36	1,008	1,152	34	1,059	1,203	34	6,297	7,274	
Columbus.....O..	920	1,105	30	963	1,107	32	911	1,055	32	888	1,104	32	871	1,015	31	922	1,066	31	5,475	6,452	
Mansfield.....O..	983	1,168	31	1,026	1,170	33	974	1,118	33	951	1,167	33	934	1,078	32	985	1,129	32	5,853	6,830	
Gallipolis.....O..	973	1,158	32	1,016	1,160	34	964	1,108	34	941	1,157	34	924	1,068	33	975	1,119	33	5,793	6,770	
Cleveland.....O..	1,048	1,233	32	1,091	1,235	34	1,039	1,183	34	1,016	1,232	34	999	1,143	33	1,050	1,194	33	6,243	7,220	
Pittsburg.....Pa..	1,113	1,298	34	1,156	1,300	35	1,104	1,248	35	1,081	1,297	36	1,064	1,208	34	1,115	1,259	34	6,633	7,610	
Buffalo.....N. Y..	1,231	1,416	34	1,274	1,418	35	1,222	1,366	35	1,199	1,415	36	1,082	1,326	34	1,233	1,377	34	7,241	8,318	
Cincinnati.....O..	804	938	28	847	991	26	795	939	26	772	988	26	755	899	25	806	950	25	4,779	5,756	
Louisville.....Ky..	786	879	22	829	881	24	777	829	24	754	878	24	737	789	23	788	840	23	4,671	5,096	
Evansville.....Ind..	776	851	23	819	853	25	767	801	25	802	850	25	727	761	24	778	812	24	4,669	4,928	
Cairo proper.....Ill..	789	895	21	824	897	23	772	845	23	787	894	23	732	805	22	783	856	22	4,687	5,192	
Cairo beyond....." ..	789	895	17	824	897	19	772	845	19	787	894	19	732	805	18	783	856	18	4,687	5,192	
St. Louis.....Mo..	937	1,015	24	983	1,017	26	931	965	26	935	1,014	26	891	925	25	942	976	25	5,619	5,912	
Mt. Vernon.....Ill..	862	937	24	905	939	23	853	887	23	888	936	26	813	847	22	864	898	22	5,185	5,444	
Total mileage	38,199	42,862	.....	30,860	42,964	.....	37,832	40,932	.....	37,797	42,823	.....	36,172	39,372	.....	38,261	41,261	.....	228,121	250,214	
Average mileage	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
Total rates	.....	.....	1,081.3	.....	.....	1,151.32	.....	.....	1,151.32	.....	.....	1,159.3	.....	.....	1,112.32	.....	.....	1,112.32	.....	.....	
Average rate	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
Rate per ton per mile (mills)	5.40	5.05	.....	5.78	5.36	.....	6.09	5.62	.....	6.13	5.41	.....	6.15	5.67	.....	5.81	5.39	.....	.....	.....	

Short-line distances figured via available routes.

Lake Butler, Fla., G. S. & F. Ry.			Hague, Fla., A. C. Line.			Genoa, Fla., G. S. & F. Ry.			Crawford, Fla., G. S. & F. Ry.			Total mileage.		Average mileage.		Total rates.	Average rate.	Rate per ton per mile.	
Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Rate.	Via Short Line.	Via L. & N.	Via Short Line.	Via L. & N.			Via Short Line.	Via L. & N.
106	1,160	29	1,141	1,189	29	1,066	1,120	28	1,117	1,171	28	6,703	7,042	1,117	1,173	170	28.3	5.07	4.83
059	1,102	29	1,074	1,151	29	1,019	1,062	28	1,070	1,113	28	6,409	6,734	1,068	1,122	170	28.3	5.31	5.04
942	993	26.32	957	1,042	26.8	902	953	25.32	953	1,004	25.32	5,698	6,080	950	1,013	154.88	25.8	5.25	5.09
015	1,049	28	1,050	1,098	28	975	1,009	27	1,026	1,060	27	6,157	6,416	1,026	1,069	164	27.3	5.32	5.11
030	1,064	29	1,065	1,113	29	990	1,024	28	1,041	1,075	28	6,247	6,506	1,041	1,084	170	28.3	5.60	5.22
052	1,086	29	1,097	1,135	29	1,012	1,046	28	1,063	1,097	28	6,389	6,638	1,065	1,106	170	28.3	5.32	5.12
054	1,088	29	1,089	1,137	29	1,014	1,048	28	1,065	1,099	28	6,391	6,650	1,065	1,108	170	28.3	5.32	5.11
932	966	28	987	1,015	28	892	926	27	943	977	27	5,679	5,918	947	986	164	27.3	5.71	5.54
139	1,173	32	1,174	1,222	32	1,099	1,133	31	1,150	1,184	31	6,901	7,160	1,150	1,193	188	31.3	5.44	5.25
041	1,082	29	1,018	1,131	29	1,001	1,042	28	1,052	1,093	28	6,255	6,614	1,042	1,102	170	28.3	5.43	5.14
876	910	27	911	959	27	836	870	26	887	921	26	5,323	82	887	960	158	26.3	5.93	5.66
819	853	25	855	902	25	779	813	24	830	864	24	4,982	5,240	830	873	146	24.3	5.86	5.57
964	1,016	30	941	1,065	30	924	976	29	975	1,027	29	5,793	6,218	966	1,036	176	29.3	6.08	5.66
887	939	28	864	988	28	847	899	27	898	950	27	5,331	5,760	889	960	164	27.3	6.15	5.69
036	1,088	31	1,013	1,137	31	996	1,048	30	1,047	1,099	30	6,225	6,650	1,037	1,108	182	30.3	5.84	5.47
935	987	29	912	1,036	29	895	947	28	946	998	28	5,619	6,044	937	1,007	170	28.3	6.05	5.63
910	944	29	901	993	29	870	904	28	921	955	28	5,483	5,786	919	964	170	28.3	6.20	5.89
055	1,130	33	1,032	1,179	33	1,015	1,090	32	1,066	1,141	32	6,335	6,902	1,056	1,150	194	32.3	6.12	5.62
040	1,136	33	1,017	1,185	33	1,000	1,096	32	1,051	1,147	32	6,249	6,938	1,041	1,156	194	32.3	6.21	5.59
104	1,178	33	1,081	1,227	33	1,064	1,138	32	1,115	1,189	32	6,633	7,190	1,106	1,198	194	32.3	5.84	5.60
057	1,181	33	1,034	1,230	33	1,017	1,141	32	1,068	1,192	32	6,351	7,208	1,056	1,201	194	32.3	6.11	5.38
996	1,140	33	973	1,189	33	956	1,100	32	1,007	1,151	32	5,985	6,962	992	1,160	194	32.3	6.48	5.57
997	1,141	33	974	1,190	33	957	1,101	32	1,008	1,052	32	5,991	6,868	997	1,144	194	32.3	6.47	5.65
851	995	29	828	1,044	30.5	811	955	28	862	1,006	28	5,115	6,092	852	1,015	173	28.8	6.76	5.68
006	1,150	33	983	1,199	33	966	1,110	32	1,017	1,161	32	6,045	7,022	1,008	1,170	194	32.3	6.42	5.52
048	1,192	35	1,025	1,241	36	1,008	1,152	34	1,059	1,203	34	6,297	7,274	1,049	1,212	208	34.7	6.61	5.72
911	1,055	32	888	1,104	32	871	1,015	31	922	1,066	31	5,475	6,452	914	1,075	188	31.3	6.86	5.81
974	1,118	33	951	1,167	33	934	1,078	32	985	1,129	32	5,853	6,830	926	1,138	194	32.3	6.62	5.68
964	1,108	34	941	1,157	34	924	1,068	33	975	1,119	33	5,793	6,770	966	1,128	200	33.3	6.90	5.91
039	1,183	34	1,016	1,232	34	999	1,143	33	1,050	1,194	33	6,243	7,230	1,040	1,203	200	33.3	6.41	5.54
104	1,248	35	1,081	1,297	36	1,064	1,208	34	1,115	1,259	34	6,633	7,610	1,106	1,268	208	34.7	6.27	5.46
222	1,306	35	1,139	1,415	36	1,082	1,326	34	1,233	1,377	34	7,241	8,318	1,207	1,386	208	34.7	5.74	5.00
795	939	26	772	988	26	755	899	25	806	950	25	4,779	5,756	797	959	152	25.3	6.36	5.28
777	829	24	754	878	24	737	789	23	788	840	23	4,671	5,096	745	849	140	23.3	5.99	5.49
767	801	25	802	850	25	727	761	24	778	812	24	4,669	4,928	745	821	146	24.3	6.25	5.96
772	845	23	787	894	23	732	805	22	783	856	22	4,687	5,192	748	865	134	22.3	5.72	5.16
772	845	19	787	894	19	732	805	18	783	856	18	4,687	5,192	748	865	110	18.3	4.69	4.23
931	965	26	935	1,014	26	891	925	25	942	976	25	5,619	5,912	940	985	152	25.3	5.41	5.11
853	887	23	888	936	26	813	847	22	864	898	22	5,185	5,444	864	907	140	23.3	5.40	5.14
832	40,932	.....	37,797	42,823	.....	36,172	39,372	.....	38,261	41,261	.....	228,121	250,214	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	975	1,069	.....	.....	.....	.....
.....	.....	1,151.32	.....	.....	1,159.3	.....	.....	1,112.32	.....	.....	1,112.32	.....	.....	.....	.....	6,767.88	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	28.9	.....	.....
6.09	5.62	.....	6.13	5.41	.....	6.15	5.67	.....	5.81	5.39	.....	.....	.....	.....	.....	.....	.....	5.93	5.41

To—	Sheet 1.								Sheet 2.								Sheet 3				
	Total mileage.		Average mileage.		Rate.		Rate per ton per mile.		Total milage.		Average mileage.		Rate.		Rate per ton per mile.		Total mileage.		Average mileage.		
	Short line.	L. & N.	Short line.	L. & N.	Total.	Average.	Short line.	L. & N.	Short line.	L. & N.	Short line.	L. & N.	Total.	Average.	Short line.	L. & N.	Short line.	L. & N.	Short line.	L. & N.	
Rock Island, Ill.	10,038	9,420	1,004	1,046	270.[illegible]	27.1	5.39	5.19	10,202	9,686	1,039	1,076	275	27.5	5.29	5.14	6,703	7,042	1,117	1,173	
Quincy, "	9,603	9,058	960	1,006	270.5	27.1	5.63	5.41	9,893	9,281	989	1,031	275	27.5	5.56	5.37	6,409	6,734	1,068	1,122	
Litchfield, "	8,440	8,075	844	897	250.28	25	5.64	5.61	8,632	8,202	863	911	250.58	25.1	5.80	5.53	5,698	6,080	950	1,013	
Peoria, "	9,128	8,581	913	953	260.5	26.1	5.71	5.49	9,383	8,727	938	970	265	26.5	5.65	5.50	6,157	6,416	1,026	1,069	
Streator, "	9,266	8,716	927	968	270.5	27	5.84	5.61	9,533	8,861	953	985	275	27.5	5.78	5.62	6,247	6,506	1,041	1,084	
Joliet, "	9,498	8,914	950	990	270.5	27.1	5.70	5.49	9,843	9,130	984	1,021	275	27.5	5.59	5.42	6,389	6,638	1,065	1,106	
Chicago, "	9,518	8,932	952	992	270.5	27	5.68	5.47	9,773	9,078	977	1,009	275	27.5	5.63	5.49	6,301	6,650	1,065	1,108	
Danville, "	8,208	7,834	830	870	260.5	26.1	6.28	6.01	8,573	7,967	857	885	265	26.5	6.18	6.02	5,679	5,918	947	986	
Milwaukee, Wis.	10,368	9,697	1,037	1,077	300.5	30	5.80	5.60	10,623	9,843	1,062	1,094	305	30.5	5.64	5.60	6,901	7,160	1,150	1,193	
Michigan City, Ind.	9,402	8,878	940	986	272.5	27.2	5.80	5.51	9,678	9,124	968	1,014	277	27.7	5.72	5.46	6,255	6,614	1,042	1,102	
Terre Haute, "	7,738	7,332	774	815	250.5	25	6.41	6.19	7,993	7,476	799	831	257	25.7	6.43	6.23	5,323	5,582	887	930	
Vincennes, "	7,168	6,817	717	757	230.5	23.1	6.43	6.12	7,423	6,963	742	774	235	23.5	6.33	6.12	4,982	5,240	830	873	
Logansport, "	8,618	8,284	862	920	280.5	28.	6.51	6.00	8,945	8,433	895	936	285	28.5	6.37	6.12	5,793	6,218	966	1,036	
Indianapolis, "	7,897	7,691	790	855	261.5	26.2	6.62	6.12	8,175	7,737	818	859	267	26.7	6.53	6.23	5,331	5,760	889	960	
Elkhart, "	9,338	9,032	934	1,004	290.5	29.1	6.22	5.81	9,664	9,078	966	1,009	295	29.5	6.10	5.88	6,225	6,650	1,037	1,108	
Frankfort, "	8,328	8,023	833	891	270.5	27	6.50	6.09	8,655	8,169	866	908	275	27.5	6.35	6.08	5,619	6,044	937	1,007	
Greencastle, "	8,078	7,568	808	841	270.5	27.1	6.70	6.46	8,333	7,752	833	861	275	27.5	6.60	6.42	5,483	5,786	919	964	
Kalamazoo, Mich.	9,528	9,310	953	1,034	310.5	31	6.52	6.02	9,908	9,456	991	1,051	315	31.5	6.36	6.03	6,335	6,902	1,056	1,150	
Jackson, "	9,378	9,364	938	1,040	310.5	31.1	6.62	5.99	9,800	9,510	980	1,057	315	31.5	6.43	5.99	6,240	6,938	1,041	1,156	
Grand Rapids, "	10,021	9,733	1,002	1,081	310.5	31	6.20	5.76	10,417	9,888	1,042	1,096	315	31.5	6.05	5.76	6,653	7,190	1,106	1,198	
Detroit, "	9,548	9,768	955	1,085	310.5	31.1	6.51	5.74	10,006	9,910	1,001	1,101	315	31.5	6.29	5.75	6,351	7,208	1,056	1,201	
Alvordton, O.	8,938	9,400	894	1,044	310.5	31	6.95	5.97	9,396	9,521	940	1,058	315	31.5	6.70	5.99	5,985	6,962	992	1,160	
Toledo, "	8,948	9,409	895	1,045	310.5	31.1	6.94	5.96	9,406	9,530	941	1,059	315	31.5	6.70	5.98	5,991	6,868	997	1,144	
Dayton, "	7,488	8,150	749	910	278.0	27.8	7.45	6.15	7,946	8,216	795	913	284	28.4	7.15	6.28	5,115	6,092	852	1,015	
Sandusky, "	9,138	9,490	914	1,054	310.5	31	6.80	5.91	9,494	9,611	949	1,068	315	31.5	6.63	5.93	6,045	7,022	1,008	1,170	
Bellaire, "	9,458	9,868	946	1,096	334.5	33.4	7.07	6.13	9,826	9,889	983	1,099	340	34.0	6.92	6.23	6,297	7,274	1,049	1,212	
Columbus, "	8,088	8,635	809	959	300.5	30.1	7.43	6.28	8,546	8,756	855	973	305	30.5	7.14	6.30	5,475	6,452	914	1,075	
Mansfield, "	8,718	9,213	872	1,024	310.5	31	7.12	6.09	9,178	9,323	918	1,036	315	31.5	6.86	6.11	5,853	6,830	926	1,138	
Gallipolis, "	8,618	9,113	862	1,013	320.5	32.1	7.44	6.35	9,076	9,233	908	1,026	325	32.5	7.16	6.37	5,793	6,770	966	1,128	
Cleveland, "	9,368	9,787	937	1,087	321.5	32.2	6.86	5.93	9,826	9,908	983	1,101	325	32.5	6.61	5.93	6,243	7,220	1,040	1,203	
Pittsburg, Pa.	10,018	10,272	1,002	1,141	333.5	33.3			10,476	10,493	1,048	1,166	340	34.0	6.49	5.87	6,633	7,610	1,106	1,268	
Buffalo, N. Y.	11,098	11,334	1,110	1,259	333.5	33.3	6.04	5.30	11,556	11,555	1,156	1,284	341	34.1	5.90	5.33	7,241	8,318	1,207	1,386	
Cincinnati, O.	6,928	7,591	693	843	240.5	24.1	6.94	5.72	7,386	7,812	739	868	245	24.5	6.65	5.68	4,779	5,756	797	959	
Louisville, Ky.	6,748	6,511	675	723	220.5	22	6.54	6.13	7,035	6,777	709	753	225	22.5	6.48	6.02	4,671	5,096	745	849	
Evansville, Ind.	6,648	6,349	665	705	230.5	23.1	6.93	6.55	6,903	6,495	690	721	235	23.5	6.81	6.56	4,669	4,928	745	821	
Cairo (proper), Ill.	6,751	6,745	675	749	208.5	20.8	6.18	5.71	6,943	6,838	694	759	209	20.9	6.02	5.64	4,687	5,192	748	865	
Cairo (beyond), "	6,751	6,745	675	749	170.5	17.1	5.05	4.58	6,943	6,838	694	759	175	17.5	5.04	4.65	4,687	5,192	748	865	
St. Louis, Mo.	8,215	7,825	821	867	236.5	23.6	5.76	5.53	8,418	7,946	842	883	240	24.0	5.70	5.54	5,619	5,912	940	985	
Mt. Vernon, Ill.	7,508	7,123	751	791	219.5	21.9	5.85	5.60	7,764	7,269	776	807	221	22.1	5.69	5.53	5,185	5,444	864	907	
Total mileage	338,626	334,627							351,818	340,338							228,121	250,214			
Average mileage			868	953							902	970							975	1,069	
Total rates					10,785.78								10,956.58								
Average rate						27.6								28.1							
Rate per ton per mile (mills)							6.37	5.83							6.23	5.83					

Short line mileages figured via available rates. L. & N. mileages do not include distances from Sterling and Baxley, Ga., rates from those points being deducted in figuring L. & N. rate per ton per mile.

	Sheet 2.								Sheet 3.								Recapitulation.							
	Total milage.		Average mileage.		Rate.		Rate per ton per mile.		Total mileage.		Average mileage.		Rate.		Rate per ton per mile.		Total mileage.		Average mileage.		Rate.		Rate per ton per mile.	
	Short line.	L. & N.	Short line.	L. & N.	Total.	Average.	Short line.	L. & N.	Short line.	L. & N.	Short line.	L. & N.	Total.	Average.	Short line.	L. & N.	Short line.	L. & N.	Short line.	L. & N.	Total.	Average.	Short line.	L. & N.
19	10,202	9,686	1,039	1,076	275	27.5	5.29	5.14	6,703	7,042	1,117	1,173	170	28.3	5.07	4.83	27,133	26,148	1,044	1,089	715.5	27.5	5.27	5.08
41	9,893	9,281	989	1,031	275	27.5	5.56	5.37	6,409	6,734	1,068	1,122	170	28.3	5.31	5.04	25,905	25,073	996	1,045	715.5	27.5	5.52	5.29
11	8,632	8,202	863	911	250.58	25.1	5.80	5.53	5,698	6,080	950	1,013	154.88	25.8	5.25	5.00	22,770	22,357	876	932	655.74	25.2	5.41	5.44
99	9,383	8,727	938	970	265	26.5	5.65	5.50	6,157	6,416	1,026	1,069	164	27.3	5.32	5.11	24,668	23,724	949	988	689.5	26.5	5.59	5.39
61	9,533	8,861	953	985	275	27.5	5.78	5.62	6,247	6,506	1,041	1,084	170	28.3	5.60	5.22	25,046	24,083	963	1,003	715.5	27.5	5.71	5.51
69	9,843	9,190	984	1,021	275	27.5	5.59	5.42	6,380	6,638	1,065	1,106	170	28.3	5.32	5.12	25,730	24,742	990	1,033	715.5	27.5	5.56	5.37
47	9,773	9,078	977	1,009	275	27.5	5.63	5.49	6,391	6,650	1,065	1,108	170	28.3	5.32	5.11	25,682	24,660	988	1,027	715.5	27.5	5.57	5.38
01	8,573	7,967	857	885	265	26.5	6.18	6.02	5,679	5,918	947	986	164	27.3	5.71	5.54	22,550	21,719	867	905	689.5	26.5	6.12	5.89
03	10,623	9,843	1,062	1,094	305	30.5	5.64	5.60	6,901	7,160	1,150	1,193	188	31.3	5.44	5.25	27,892	26,700	1,073	1,112	793.5	30.5	5.69	5.51
51	9,678	9,124	968	1,014	277	27.7	5.72	5.46	6,255	6,614	1,042	1,102	170	28.3	5.43	5.14	25,335	24,616	974	1,025	719.5	27.7	5.68	5.31
19	7,993	7,476	799	831	257	25.7	6.43	6.23	5,323	5,582	887	930	158	26.3	5.93	5.66	21,054	20,300	810	849	665.5	25.6	6.32	6.06
12	7,423	6,963	742	774	235	23.5	6.33	6.12	4,982	5,240	830	873	146	24.3	5.86	5.57	19,573	19,020	753	792	611.5	23.5	6.25	5.97
00	8,945	8,430	895	936	285	28.5	6.37	6.12	5,793	6,218	966	1,036	176	29.3	6.08	5.66	23,356	22,932	898	955	741.5	28.5	6.35	6.00
13	8,175	7,737	818	859	267	26.7	6.53	6.23	5,331	5,760	889	960	164	27.3	6.15	5.69	21,403	21,188	823	881	692.5	26.6	6.47	6.05
81	9,664	9,078	966	1,009	295	29.5	6.10	5.88	6,225	6,650	1,037	1,108	182	30.3	5.84	5.47	25,227	24,760	970	1,032	767.5	29.5	6.08	5.75
09	8,655	8,169	866	908	275	27.5	6.35	6.08	5,619	6,044	937	1,007	170	28.3	6.05	5.63	22,602	22,236	869	926	715.5	27.5	6.33	5.97
85	8,333	7,752	833	861	275	27.5	6.60	6.42	5,483	5,786	919	964	170	28.3	6.20	5.89	21,894	21,106	842	879	715.5	27.5	6.53	6.28
02	9,908	9,456	991	1,051	315	31.5	6.36	6.03	6,335	6,902	1,056	1,150	194	32.3	6.12	5.62	25,771	25,668	991	1,069	819.5	31.5	6.36	6.19
99	9,800	9,510	980	1,057	315	31.5	6.43	5.99	6,249	6,938	1,041	1,156	194	32.3	6.21	5.59	25,427	25,812	978	1,075	819.5	31.5	6.44	5.88
75	10,417	9,888	1,042	1,099	315	31.5	6.05	5.76	6,633	7,190	1,106	1,198	194	32.3	5.84	5.60	27,071	26,811	1,041	1,117	819.5	31.5	6.05	5.67
74	10.006	9,910	1,001	1,101	315	31.5	6.29	5.75	6,351	7,208	1,056	1,201	194	32.3	6.11	5.38	25,905	26,886	996	1,120	819.5	31.5	6.32	5.64
97	9,396	9,521	940	1,058	315	31.5	6.70	5.99	5,985	6,962	992	1,160	194	32.3	6.48	5.57	24,319	25,883	935	1,079	819.5	31.5	6.73	5.87
95	9,406	9,530	941	1,059	315	31.5	6.70	5.98	5,991	6,868	997	1,144	194	32.3	6.47	5.65	24,345	25,807	936	1,075	819.5	31.5	6.73	5.89
15	7,946	8,216	795	913	284	28.4	7.15	6.28	5,115	6,092	852	1,015	173	28.8	6.76	5.68	20,549	22,498	790	937	735	28.3	7.15	6.07
91	9,494	9,611	949	1,068	315	31.5	6.63	5.93	6,045	7,022	1,008	1,170	194	32.3	6.42	5.52	24,677	26,123	949	1,088	819.5	31.5	6.64	5.81
13	9,826	9,889	983	1,029	340	34.0	6.92	6.23	6,297	7,274	1,049	1,212	208	34.7	6.61	5.72	25,581	27,031	984	1,126	882.5	33.9	6.90	6.06
35	8,546	8,756	855	973	305	30.5	7.14	6.30	5,475	6,452	914	1,075	188	31.3	6.86	5.81	22,109	23,843	850	994	793.5	30.5	7.18	6.17
09	9,176	9,323	918	1,036	315	31.5	6.86	6.11	5,853	6,830	926	1,138	194	32.3	6.62	5.68	23,747	25,306	913	1,057	819.5	31.5	6.90	5.99
33	9,076	9,233	908	1,026	325	32.5	7.16	6.37	5,793	6,770	966	1,128	200	33.3	6.90	5.91	23,487	25,116	903	1,046	845.5	32.6	7.19	6.24
93	9,826	9,908	983	1,101	329	32.5	6.61	5.93	6,243	7,220	1,040	1,203	200	33.3	6.41	5.54	25,437	26,915	978	1,121	846.5	32.6	6.65	5.83
3,	10,476	10,493	1,048	1,166	340	34.0	6.49	5.87	6,633	7,610	1,106	1,268	208	34.7	6.27	5.46	27,127	28,375	1,043	1,182	881.5	33.9	6.49	5.76
60	11,556	11,555	1,156	1,284	341	34.1	5.90	5.33	7,241	8,318	1,207	1,386	208	34.7	.....	.....	29,895	31,200	1,149	1,300	882.5	33.9	5.96	5.23
72	7,386	7,812	739	868	245	24.5	6.63	5.68	4,779	5,756	797	959	152	25.3	6.36	5.28	19,093	21,159	734	882	637.5	24.5	6.67	5.59
11	7,035	6,777	709	753	225	22.5	6.48	6.02	4,671	5,006	745	849	140	23.3	5.99	5.49	18,514	18,384	712	766	585.5	22.5	6.27	5.91
55	6,903	6,495	690	721	235	23.5	6.81	6.56	4,669	4,928	745	821	146	24.3	6.25	5.96	18,220	17,772	701	740	611.5	23.5	6.71	6.39
71	6,243	6,838	694	759	209	20.9	6.02	5.64	4,687	5,192	748	865	134	22.3	5.72	5.16	18,381	18,775	707	782	551.5	21.2	6.00	5.53
58	6,943	6,838	694	759	175	17.5	5.04	4.65	4,687	5,192	748	865	110	18.3	4.69	4.23	18,381	18,775	707	782	455.5	17.5	4.95	4.51
53	8,418	7,946	842	883	240	24.0	5.70	5.54	5,619	5,912	940	985	152	25.3	5.41	5.11	22,252	21,683	856	904	628.5	24.2	5.64	5.39
60	7,704	7,269	776	807	221	22.1	5.69	5.53	5,185	5,444	864	907	140	23.3	5.40	5.14	20,457	19,836	787	826	580.5	22.3	5.67	5.45
...	351,818	340,338	.....	.....	.....	.....	.....	.....	228,121	250,214	.....	.....	.....	.....	.....	.....	918,565	925,179	.....	.....	.....	.....	.....	.....
...	.....	.....	902	970	.....	.....	.....	.....	.....	.....	975	1,069	.....	.....	.....	.....	.....	.....	906	988	.....	.....	.....	.....
...	.....	.....	.....	.....	10,956.58	.....	.....	.....	.....	.....	.....	.....	6,767.88	.....	.....	.....	.....	.....	.....	.....	28,510.24	.....	.....	.....
...	.....	.....	.....	.....	.....	28.1	.....	.....	.....	.....	.....	.....	.....	28.9	.....	.....	.....	.....	.....	.....	.....	28.1	.....	.....
83	.....	.....	.....	.....	.....	.....	6.23	5.83	.....	.....	.....	.....	.....	.....	5.93	5.41	.....	.....	.....	.....	.....	.....	6.21	5.72

ley, Ga., rates from those points being deducted in figuring L. & N. rate per ton per mile.

Exhibit No. "M" to Compton.

Rates on lumber, and distances, etc., from points in Alabama, Mississippi, and Louisiana.

[Rates in cents per hundred pounds.]

From / To—	Carriere, Miss. (N. O. & N. E.)		Yellow Pine, Ala. (M. & O.)		Kentwood, La. (I. C. R. R.)		Hanson City, La. (Y. & M. V.)		Hattiesburg, Miss. (G. & S. I.)		Total mileage.	Average mileage.	Total rates.	Average rate.	Rate per ton per mile.
	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.					
Rock Island....Ill.	873	25	806	26	856	25	950	25	846	25	4,331	866	126	25.2	5.82
Quincy.... "	786	25.5	719	26	769	24	863	24	759	24	3,896	779	123.5	24.7	6.34
Litchfield.... "	669	23.8	602	23.75	652	23.8	746	23.8	642	23.8	3,311	662	118.95	23.79	7.18
Peoria.... "	782	25	715	25	765	25	859	25	755	25	3,876	775	125	25	6.45
Streator.... "	808	26	741	26	791	26	885	26	781	26	4,006	801	130	26	6.49
Joliet.... "	837	26	770	26	820	26	914	26	810	26	4,151	830	130	26	6.27
Chicago.... "	864	26	797	26	847	26	941	26	837	26	4,286	857	130	26	6.07
Danville.... "	759	25	692	25	742	25	836	25	732	25	3,761	752	125	25	6.65
Milwaukee....Wis.	949	29	882	29	932	29	1,026	29	922	29	4,711	942	145	29	6.15
Michigan City....Ind.	897	28	830	28	880	28	974	28	870	28	4,451	890	140	28	6.29
Terre Haute.... "	742	24	675	24	725	24	819	24	715	24	3,676	735	120	24	6.53
Vincennes....{ "	658	22	591	22	641	22	735	22	631	22	3,256	651	110	22	6.76
Logansport.... "	841	27	774	27	824	27	918	27	814	27	4,171	834	135	27	6.47
Indianapolis.... "	775	26	708	26	758	26	852	26	748	26	3,841	768	130	26	6.77
Elkhart.... "	944	28	877	28	927	28	1,021	28	917	28	4,686	937	140	28	5.97
Frankfort.... "	804	26	737	26	787	26	881	26	777	26	3,986	797	130	26	6.52
Greencastle.... "	766	26	699	26	749	26	843	26	739	26	3,796	759	130	26	6.85
Kalamazoo....Mich.	966	30	899	30	949	30	1,043	30	939	30	4,796	959	150	30	6.25
Jackson.... "	996	30	946	30	997	30	1,091	30	987	30	5,017	1,004	150	30	5.97
Grand Rapids.... "	1,028	30	961	30	1,011	30	1,136	30	1,001	30	5,137	1,028	150	30	5.83
Detroit.... "	1,038	30	991	30	1,042	30	1,105	30	1,032	30	5,208	1,042	150	30	5.76
Alvordton....Ohio.	973	30	906	30	956	30	1,050	30	946	30	4,831	966	150	30	6.19
Toledo.... "	978	30	938	30	988	30	1,082	30	978	30	4,964	993	150	30	6.04
Dayton.... "	832	27.5	805	27.5	867	27.5	961	27.5	857	27.5	4,322	864	137.5	27.5	6.36
Sandusky.... "	987	30	957	30	1,007	30	1,101	30	997	30	5,049	1,010	150	30	5.94
Bellaire.... "	1,029	33	1,002	33	1,069	33	1,163	33	1,059	33	5,322	1,064	165	33	6.20
Columbus.... "	892	29	865	29	932	29	1,026	29	922	29	4,637	928	145	29	6.25
Mansfield.... "	955	30	928	30	987	30	1,081	30	977	30	4,928	986	150	30	6.08
Gallipolis.... "	945	31	918	31	985	31	1,079	31	975	31	4,902	981	155	31	6.32
Cleveland.... "	1,020	31	993	31	1,060	31	1,154	31	1,050	31	5,277	1,056	155	31	5.87
Pittsburg....Pa.	1,085	33	1,058	33	1,125	33	1,219	33	1,115	33	5,602	1,121	165	33	5.88
Buffalo....N. Y.	1,203	33	1,176	33	1,243	33	1,337	33	1,233	33	6,192	1,239	165	33	5.32
Cincinnati....Ohio.	776	23	749	23	816	23	910	23	806	23	4,057	812	115	23	5.66
Louisville....Ky.	756	21	639	21	706	21	800	21	696	21	3,597	720	105	21	5.83
Evansville....Ind.	651	22	584	22	625	22	719	22	615	22	3,194	639	110	22	6.83
Cairo, proper....Ill.	499	16	432	16	482	16	576	16	472	16	2,461	492	80	16	6.50

Rates on lumber, and distances, etc., from points in Alabama, Mississippi, and Louisiana—Continued.

From / To—	Carriere, Miss. (N. O. & N. F.)		Yellow Pine, Ala. (M. & O.)		Kentwood, La. (I. C. R. R.)		Hanson City, La. (Y. & M. V.)		Hattiesburg, Miss. (G. & S. I.)		Total mileage.	Average mileage.	Total rates.	Average rate.	Rate per ton per mile.
	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.					
Cairo, beyond.....Ill.															
St. Louis.....Mo.	647	20	580	20	630	20	724	20	620	20	3,201	640	100	20	6.25
Mt. Vernon.....Ill.	606	20	539	20	589	20	583	20	579	20	2,896	579	100	20	6.90
Total mileage.....	32,616	.....	30,481	.....	32,531	.....	36,003	.....	32,151	.....	163,782	.....	.....	.....	.....
Average mileage.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	885	.....	.....	.....
Total of rates.....	.....	1,017.8	.....	1,019.25	.....	1,016.3	.....	1,016.3	.....	1,016.3	.....	.....	5,085.95	.....	.....
Average rate.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	27.49	.....
Rate per ton per mile (mills).....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	6.21

Exhibit "N" to Compton.

Rates on lumber, carloads, in cents per hundred pounds, from Arkansas, Texas, and Louisiana points.

From / To—	Arkansas points in Cotton Belt Group 11.		Points on La. & Ark. Ry., Buchanan, Ark., to Winfield, La., inclusive.		Points on Shreveport & Red River Valley R. R., Shreveport to Pineville, La., inclusive.		Texas points in Cotton Belt Group 12, Eglan to Lufkin, Tex., inclusive.		Total mileage.	Average mileage.	Total rates.	Average rate.	Rate per ton per mile.
	Distance from McNeill, Ark.	Rate.	Distance from Sibley, La.	Rate.	Distance from Colfax, La.	Rate.	Distance from Tyler, Tex.	Rate.					
Rock Island....Ill.	736	26	814	26	911	26	915	28	3,376	844	106	26.5	6.28
Quincy.... "	611	26	689	26	786	26	790	28	2,876	719	106	26.5	7.37
Litchfield.... "	535	23.82	613	23.82	710	23.82	714	25.82	2,572	643	97.28	24.32	7.56
Peoria.... "	645	30	723	30	820	30	824	32	3,012	753	122	30.5	8.10
Streator.... "	672	26	950	26	847	26	851	28	3,120	780	106	26.5	6.79
Joliet.... "	709	26	787	26	884	26	888	28	3,268	817	106	26.5	6.48
Chicago.... "	736	26	814	26	911	26	915	28	3,376	844	106	26.5	6.28
Manville.... "	632	25	710	25	807	25	811	27	2,960	740	102	25.5	6.89
Milwaukee....Wis.	821	29	899	29	996	29	1,000	31	3,716	929	118	29.5	6.35
Michigan City....Ind.	709	28	847	28	944	28	948	30	3,508	877	114	28.5	6.49
Terre Haute.... "	587	24	665	24	762	24	766	26	2,780	695	98	24.5	7.05
Vincennes.... "	530	22	608	22	705	22	709	24	2,552	638	90	22.5	7.05
Logansport.... "	703	27	781	27	878	27	882	29	3,244	811	110	27.5	6.78
Indianapolis.... "	647	26	725	26	822	26	826	28	3,020	755	106	26.5	7.02
Elkhart.... "	784	28	862	28	959	28	963	30	3,568	892	111	28.5	6.39
Frankfort.... "	696	26	744	26	841	26	845	28	3,096	774	106	26.5	6.85
Greencastle.... "	612	26	690	26	787	26	791	28	2,880	720	106	26.5	7.36
Kalamazoo....Mich.	829	30	907	30	1,004	30	1,008	32	3,748	937	122	30.5	6.51
Jackson.... "	869	30	947	30	1,044	30	1,048	32	3,908	977	122	30.5	6.24
Grand Rapids.... "	878	30	956	30	1,053	30	1,057	32	3,944	986	122	30.5	6.19
Detroit.... "	912	30	990	30	1,087	30	1,091	32	4,080	1,020	122	30.5	5.98
Alvordton....O.	825	30	903	30	1,000	30	1,004	32	3,732	933	122	30.5	6.54
Toledo.... "	857	30	935	30	1,032	30	1,036	32	3,860	965	122	30.5	6.32
Dayton.... "	772	28	850	28	947	28	951	30	3,520	880	114	28.5	6.48
Sandusky.... "	875	30	953	30	1,050	30	1,054	32	3,932	983	122	30.5	6.21
Bellaire.... "	968	34	1,046	34	1,143	34	1,147	36	4,304	1,076	138	34.5	6.41
Columbus.... "	838	29	916	29	1,013	29	1,017	31	3,784	946	118	29.5	6.24
Mansfield.... "	871	30	949	30	1,046	30	1,050	32	3,916	979	122	30.5	6.23
Gallipolis.... "	878	31	956	31	1,053	31	1,057	33	3,944	986	126	31.5	6.39
Cleveland.... "	935	31	1,013	31	1,110	31	1,114	33	4,172	1,043	126	31.5	6.04
Pittsburg....Pa.	1,031	34	1,109	34	1,206	34	1,210	36	4,556	1,139	138	34.5	6.06
Buffalo....N. Y.	1,118	34	1,196	34	1,293	34	1,297	36	4,904	1,226	138	34.5	5.63

Rates on lumber, carloads, in cents per hundred pounds, from Arkansas, Texas, and Louisiana points—Continued.

From / To—	Arkansas points in Cotton Belt Group 11.		Points on La. & Ark. Ry., Buchanan, Ark., to Winfield, La., inclusive.		Points on Shreveport & Red River Valley R. R., Shreveport to Pineville, La., inclusive.		Texas points in Cotton Belt Group 12, Eglan to Lufkin, Tex., inclusive.		Total mileage.	Average mileage.	Total rates.	Average rate.	Rate per ton per mile.
	Distance from McNeill, Ark.	Rate.	Distance from Sibley, La.	Rate.	Distance from Colfax, La.	Rate.	Distance from Tyler, Tex.	Rate.					
Cincinnati.....O..	722	27	800	27	897	27	901	29	3,320	830	110	27.5	6.63
Louisville.....Ky..	615	27	693	27	790	27	794	29	2,892	723	110	27.5	7.61
Evansville.....Ind..	512	23	590	23	687	23	691	25	2,480	620	94	23.5	7.58
Cairo.....Ill..	371	16	449	16	546	16	550	18	1,916	479	66	16.5	6.89
St. Louis.....Mo..	483	18	561	18	658	18	662	20	2,364	591	71	18.5	6.26
Mt. Vernon, Ill.....Ill..	478	23	556	23	653	23	657	25	2,344	586	94	23.5	8.02
Total mileage.....	28,032	.....	30,996	.....	34,682	.....	34,834	.....	128,544	.....	.....	.....	.....
Average mileage.....	738	.....	816	.....	912	.....	917	.....	.....	846	.....	.....	.....
Total rates.....	.....	1,039.82	.....	1,039.82	.....	1,039.82	.....	1,115.82	.....	.....	4,235.28	.....	.....
Average rate.....	.....	27.4	.....	27.4	.....	27.4	.....	29.4	.....	.....	.....	27.9	.....
Rate per ton per mile (mills).....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	6.59

Tariffs used:
St. L. S. W. Ry. No. 3120; I. C. C. No. 1766.
P. C. C. & St. L. Ry. No. X2250; I. C. C. No. 1317

EXHIBIT "O" to Compton.

Rates on lumber, carloads, per 100 pounds, from T. & P. R. R. stations in Texas, Louisiana, and Arkansas.

To—		Distance from Shreveport, La.	Rate.	Rate per ton per mile (mills)
Kansas City	Mo.	560	23	8.21
St. Joseph	"	623	23	7.38
Omaha	Neb.	751	23	6.13
Atchison	Kas.	604	23	7.62
Leavenworth	"	582	23	7.90
Total		3,120	115	.....
Average		624	23	7.37

Tariff used: T. & P. joint through lumber tariff 3500 H; I. C. C. No. 750.

EXHIBIT "P" to Compton.

Rates on lumber, C. L., per 100 pounds, from T. & P. R. R. stations in Texas, Louisiana, and Arkansas.

To—		Distance from Shreveport, La.	Rate.	Rate per ton per mile (mills).
Clayton	N. M.	667	34	10.19
Trinidad	Col.	792	34	8.59
Grey Creek	"	790	39	9.87
La Junta	"	874	34	7.78
Pueblo	"	889	34	7.65
Denver	"	1,014	34	6.71
Total		5,026	209	.....
Average		837	34.99	8.31

Tariff used: T. & P. joint through lumber tariff 8500 H: I. C. C. No. 750.

Exhibit Q to Compton.

Statement showing proportions (which are regular tariff rates) accruing to lines north of Ohio River crossings, Cairo to Cincinnati, inclusive, in the division of rates on lumber from southern territory to the points of destination named.

From.....	Cairo.			Evansville.			Louisville			Cincinnati.			Totals.					
To—	Rate.	Miles.	Rate per ton per mile, mills.	Rate.	Miles.	Rate per ton per mile, mills.	Rate.	Miles.	Rate per ton per mile, mills.	Rate.	Miles.	Rate per ton per mile, mills.	Total rate.	Average rate.	Total miles.	Average miles.	Total rate per ton per mile.	Average rate per ton per mile.
Rock Island, Ill.....	10	374	5.35	10	339	5.90	15	412	7.28	15	413	7.26	50	12.5	1,538	384.5	25.79	6.45
Quincy, Ill.....	10	287	6.97	10	301	6.64	13	413	6.30	13	404	6.44	46	11.5	1,405	351.25	26.35	6.59
Litchfield, Ill.....	7.82	170	9.20	8	192	8.33	11	266	8.27	11	317	6.94	37.82	9.46	945	236.25	32.74	8.19
Peoria, Ill.....	9	283	6.36	9	248	7.26	10	321	6.23	11	322	6.83	39	9.75	1,174	293.5	26.68	6.67
Streator, Ill.....	10	309	6.47	10	263	7.60	11	314	7.01	11	300	7.33	42	10.5	1,186	296.5	28.41	7.10
Joliet, Ill.....	10	338	5.92	10	285	7.02	11	315	6.98	10	293	6.82	41	10.25	1,231	307.75	26.74	6.69
Chicago, Ill.....	10	365	5.48	10	287	6.97	11	285	7.46	10	294	6.80	41	10.25	1,241	310.25	26.71	6.68
Danville, Ill.....	9	260	6.92	7	165	8.48	10	195	1.025	9	195	9.23	35	8.75	815	203.75	34.88	8.72
Milwaukee, Wis.....	13	450	5.78	13	372	6.99	14	380	7.37	13	379	6.86	53	13.25	1,581	395.25	27.00	6.78
Michigan City, Ind.....	10	398	5.03	10	281	7.12	11	264	8.33	10	254	7.87	41	10.25	1,197	299.25	28.35	7.09
Terre Haute, Ind.....	8	243	6.58	6	109	1.101	8	102	9.88	7	182	7.69	29	7.25	636	174	35.16	8.79
Vincennes, Ind.....	6	159	7.55	5	52	1.923	8	133	1.203	8	192	8.33	27	6.75	536	134	47.14	11.79
Logansport, Ind.....	11	342	6.43	9	225	8.00	10	187	1.069	9	182	9.89	39	9.75	936	234	35.01	8.75
Indianapolis, Ind.....	7	276	5.07	7	169	8.28	8	110	1.455	7	110	1.273	29	7.25	665	166.25	40.63	10.16
Elkhart, Ind.....	12	445	5.39	10	307	6.51	11	259	8.50	10	237	8.44	43	10.75	1,248	312	28.84	7.21
Frankfort, Ind.....	10	307	6.56	8	188	8.51	9	158	1.139	8	158	1.012	35	8.75	809	202.25	36.58	9.15
Greencastle, Ind.....	10	267	7.49	7	143	9.79	8	147	1.088	7	149	9.40	32	8	706	176.50	37.56	9.39
Kalamazoo, Mich.....	14	467	6.00	12	377	6.37	12	301	7.97	11	260	8.46	49	12.25	1,405	351.25	28.80	7.20
Jackson, Mich.....	14	515	5.44	12	403	5.95	12	307	7.82	10	245	8.16	48	12	1,470	367.50	27.37	6.89
Grand Rapids, Mich...	14	529	5.29	12	426	5.63	13	349	7.45	12	309	7.76	51	12.75	1,613	403.25	26.13	6.53
Detroit, Mich.....	14	560	5.00	12	443	5.42	12	352	6.82	10	262	7.63	48	12	1,617	404.25	24.87	6.22
Alvordton, O.....	14	474	5.91	12	359	6.69	12	266	9.02	10	201	9.95	48	12	1,300	325	31.57	7.89
Toledo, O.....	14	506	5.53	12	392	6.12	12	302	7.95	9	202	8.91	47	11.75	1,402	350.50	28.51	7.13
Dayton, O.....	12	385	6.23	10	277	7.22	10	166	1.205	4.5	56	1.601	36.5	9.12	884	221	41.57	10.39
Sandusky, O.....	14	525	5.33	12	396	6.06	12	316	7.59	9	211	8.53	47	11.75	1,448	362	27.51	6.88
Bellaire, O.....	18	604	5.96	16	482	6.64	14	363	7.71	10	253	7.91	58	14.5	1,702	425.50	28.22	7.06
Columbus, O.....	13	457	5.69	12	345	6.96	12	226	1.062	7.5	116	1.293	44.5	11.13	1,144	286	36.20	9.05
Mansfield, O.....	14	505	5.54	12	389	6.17	12	289	8.30	8.5	179	9.50	46.5	11.62	1,362	340.50	29.51	7.38
Gallipolis, O.....	15	520	5.77	13	398	6.53	12	279	8.60	9	169	1.065	49	12.25	1,366	341.50	31.55	7.89

Cleveland, O	15	578	5.19	14	452	6.19	13	354	7.34	10	244	8.20	52	13	1,628	407	26.92	6.73
Pittsburg, Pa	18	650	5.54	16	538	5.95	14	419	6.68	10	309	6.47	58	14.50	1,916	479	24.64	6.16
Buffalo, N. Y	18	702	4.72	16	633	5.06	14	537	5.21	10	427	4.68	58	14.50	2,359	589.75	19.67	4.92
Total mileage		13,308			10,236			9,157			7,824				40,525			
Average mileage		416			320			286			245					317		
Total rate	383.82			342			365			309.5			1,400.32					
Average rates	11.98			10.69			11.41			9.67				10.9				
Rate per ton per mile (mills)			5.77			6.68			7.97			7.91						
Average rate per ton per mile (mills)																		6.91

Exhibit R to Compton.

Rates on lumber, carloads, from Michigan and Wisconsin points to Missouri River and beyond, showing short-line distances.

To..... / From—	Kansas City, Mo.		Atchison, Kas.		Omaha, Neb.		Lincoln, Neb.		Grand Island, Neb.		La Junta, Col.		Topeka, Kas.		St. Joseph, Mo.		Total mileage.	Average mileage.	Total rates.	Average rate.	Rate per ton per mile, mills.
	Miles.	Rate	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.					
Brimley, Mich.	1,029	28	981	28	848	28	903	31	954	40	1,336	51	1,032	35	961	28	8,244	1,031	289	33 6	6.5
Au Train, Mich.	889	24	821	24	698	24	742	27	794	36	1,736	47	872	31	801	24	6,964	871	237	29 ⅝	6.8
Ewen, Mich.	786	24	738	24	605	¾	640	27	711	36	1,293	47	789	31	718	24	6,300	788	237	29.4	7.5
Marengo, Wis.	709	22.5	661	22.5	528	22.5	583	25.5	634	34.5	1,216	45.5	712	29.5	641	22.5	5,684	711	225	28.1	7.9
Larch, Mich.	809	22.5	821	22.5	688	22.5	743	25.5	794	34.5	1,376	45.5	872	29.5	801	22.5	6,964	871	225	28.1	6.5
Menominee, Mich.	722	22	776	22	606	22	734	25	846	34	1,293	45	789	29	756	22	6,632	829	221	27.6	6.7
Appleton, Wis.	643	20.5	697	20.5	617	20.5	675	23.5	767	32.5	1,214	43.5	710	27.5	677	20.5	6,000	750	209	26.1	7.0
Elcho, Wis.	807	22	750	22	626	22	684	25	776	34	1,192	45	657	29	617	22	6,068	763	221	27.6	7.1
Cartwright, Wis.	655	21.5	607	21.5	474	21.5	532	24.5	624	33.5	1,102	44.5	607	28.5	587	21.5	5,248	656	217	27.1	8.3
Total.	7,089	207	6,861	207	5,770	207	6,277	234	6,900	315	11,658	414	7,030	270	6,539	207	58,134	.....	2,061	.....	.....
Average	788	23	762	23	641	23	697	26	767	35	1,295	46	780	30	729	23	6,459	808	229	28.6	.....
Rate per ton per mile (mills)	.....	5.8	.....	6.0	.....	7.2	.....	7.5	.....	9.1	.....	7.1	.....	7.7	.....	6.3	.....	.....	.....	.....	7.1

Exhibit S to Compton.

Rates on lumber, carloads, per hundred pounds, to New York, N. Y.

From—	Short-line available route, distance.	Rate.	Rate per ton per mile.	From—	Short-line available route, distance.	Rate.	Rate per ton per mile.
Anson, O	723	21	5.8	Springfield, Ill	994	29	5.8
Greenville, O	716	21	5.9	Edwardsville, Ill	1,037	29	5.6
Bellefontaine, O	675	20.5	6.1	Wausau, Wis	1,109	28.5	4.9
Anderson, Ind	775	23	5.9	Star Lake, Wis	1,301	31	4.8
Goshen, Ind	809	24	5.9	Menominee, Wis	1,245	30	4.8
Greensburg, Ind	805	23	5.7	Prairie du Chien, Wis	1,130	30	5.3
Lafayette, Ind	842	25	5.9	Janesville, Wis	988	25	5.1
Crawfordsville, Ind	847	25	5.9	Watertown, Wis	1,027	25.5	4.9
Greencastle, Ind	841	25	5.9	Detroit, Mich	661	19.5	5.9
Danville, Ill	888	25	5.6	Bay City, Mich	770	21	5.5
Paris, Ill	894	27	6	Elmdale, Mich	792	22	5.6
Vincennes, Ind	930	27	5.9	Baldwin, Mich	869	25	5.7
Elkhart, Ind	830	24	5.9	Petoskey, Mich	930	28	6
Champaign, Ill	920	27.5	6				
Decatur, Ill	955	27.5	5.8	Total	27,331	768	
Shelbyville, Ill	954	29	6.1	Average	911	25.6	5.6
Jacksonville, Ill	1,028	30	5.8				

Exhibit T to Mr. Compton.

(See p. 626.)

Schedule of prices paid for yellow pine lumber of various dimensions purchased by L. & N. R. R. during the years 1901, 1902, and 1903.

ALABAMA MILLS.

	Size, in inches	5½ x 14.	5½ x 9½.	4½ x 10½.	1½ x 8½.	2½ x 8.	1 x 4.	1 x 4.	1 x 6.	5½ x 14.	4½ x 10½.	2 x 6.	2½ x 10.	2½ x 12.
	Length, in feet	36.	36.	30.	38.	9.	9.	8.	10.	34½.	34.	37.	36.	36.
	Purchased from—													
1901.														
Jany.	Saginaw Lbr. Co.	$12.00	$12.00	$12.00	$12.00	$10.00	$12.00	$12.00	$12.00	$12.00	$12.00	$12.00	$12.00	$12.00
Jany.	Hand Lumber Co.	12.00	12.00	12.00	12.00	10.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Jany.	W. M. Carney & Co.	12.00	12.00	12.00	12.00	10.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Sept.	Hand Lumber Co.	14.00	.....	.....	.....	.....	.....	.....	.....	14.00	.....	.....	.....	.....
Nov.	Saginaw Lbr. Co.	14.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1902.														
Jany.	Hand Lumber Co.	.....	13.00	.....	13.00	.....	13.00	13.00	13.00	.....	14.00	.....	.....	.....
Mar.	Saginaw Lbr. Co.	14.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Mar.	Hand Lumber Co.	15.00	.....	.....	.....	11.00	.....	.....	.....	.....	.....	.....	.....	.....
Apr.	Saginaw Lumber Co.	.....	.....	.....	.....	.....	14.00	14.00	14.00	.....	.....	15.00	.....	.....
Apr.	W. M. Carney & Co.	.....	.....	.....	.....	11.00	14.00	14.00	14.00	.....	.....	15.00	.....	.....
May.	Hand Lumber Co.	16.00	14.00	.....	14.00	11.00	15.00	15.00	15.00	.....	.....	13.00	.....	.....
June.	Hand Lumber Co.	.....	.....	.....	15.00	12.00	.....	.....	.....	.....	.....	.....	.....	.....
June.	W. M. Carney & Co.	16.00	14.00	14.00	14.00	12.00	15.00	15.00	15.00	.....	.....	.....	.....	.....
July.	Hand Lumber Co.	.....	14.00	14.00	14.00	12.00	15.00	15.00	15.00	16.00	14.00	13.00	.....	.....
July.	Saginaw Lbr. Co.	16.00	14.00	14.00	14.00	12.00	15.00	15.00	15.00	.....	14.00	.....	.....	.....
Aug.	Hand Lumber Co.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	14.00	.....	.....
Aug.	Dunham Lbr. Co.	.....	16.00	.....	.....	.....	15.00	15.00	15.00	.....	16.00	.....	16.00	.....
Aug.	W. M. Carney & Co.	.....	.....	.....	.....	.....	15.00	15.00	15.00	.....	.....	.....	.....	.....
Sept.	Shoal Creek L. Co.	12.50	12.50	12.50	.....	12.50	15.00	15.00	15.00	.....	.....	12.50	.....	.....
Sept.	Berry Lumber Co.	16.40	13.00	.....	.....	11.00	.....	.....	.....	.....	13.00	.....	.....	.....
Sept.	Blackshear-Miller L. Co.	.....	12.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Sept.	Lindsay Lumber Co.	14.00	12.50	12.50	12.50	10.50	14.00	14.00	14.00	.....	12.50	.....	12.50	.....
Sept.	Marbury Lumber Co.	15.00	13.00	.....	.....	12.00	.....	.....	.....	.....	13.00	.....	14.00	14.00
Sept.	F. W. Hart & Co.	.....	12.50	.....	.....	.....	.....	.....	.....	.....	.....	.....	12.50	12.50
Sept.	Bear Creek M. Co.	.....	13.00	13.00	.....	.....	15.00	15.00	15.00	13.00	13.00	.....	13.00	.....
Sept.	W. T. Brock Lbr. Co.	16.60	13.00	.....	13.00	.....	.....	.....	.....	.....	13.00	.....	.....	.....
Oct.	W. M. Carney & Co.	.....	13.00	.....	16.00	.....	16.00	.....	.....	.....	16.00	.....	.....	.....
Nov.	Shoal Creek Lbr. Co.	.....	.....	.....	.....	.....	17.00	.....	17.00	12.50	12.50	.....	.....	14.00
Nov.	Blackshear-Miller L. Co.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	14.00	14.00
Dec.	Hand Lumber Co.	.....	14.00	.....	.....	10.59	.....	.....	.....	.....	.....	.....	.....	.....

1903.															
Jany.	Blackshear-Miller Lbr. Co.	18.00	13.00			11.50		15.00	15.00			13.00			14.00
Jany.	W. M. Carney Lbr. Co.											14.00			14.00
Jany.	Saginaw Lbr. Co.	16.00										14.00	14.00		14.00
Jany.	Lindsey Lbr. Co.	14.00	12.00		12.00	12.00						12.00	12.00		14.00
Jany.	Cedar Creek M. Co.		12.00			10.00									
Mar.	Hand Lumber Co.					12.00									
Mar.	W. M. Carney & Co.	18.00	14.00		14.00	12.00						14.00	14.00		16.00
	Mississippi mills.														
1901.															
Sept.	Gary-Fatherel L. Co.	12.00	12.00	12.00	12.00	10.00	11.00	11.00	11.00						
1902.															
June	Gary-Fatheral L. Co.					10.00	11.50	11.50	11.50	11.50		11.50			
Aug.	Gary-Fatheral L. Co.	12.50	12.50			10.00	12.50	12.50	12.50	12.50	11.50		12.50		12.50
Aug.	Yellow Pine Mfg. Co.				12.50	12.50	12.50	12.50	12.50			12.50			
Sept.	Buckner-Saunders Lumber Co.	14.00	12.50								12.50				
Sept.	J. E. North Lbr. Co.	16.50		16.50									16.50		
Sept.	J. R. Nevers	16.00	16.00	16.00									16.50		
Sept.	Lott & Perkins L. Co.	14.00	14.00	14.00							14.00		14.00		
Sept.	Lake Mills		15.00												
Sept.	W. Denny Co.	14.00	14.00	14.00									14.00		
Sept.	L. N. Dantzler L. Co.	13.00	13.00	13.00						13.00		13.00	13.00		13.00
Oct.	Yellow Pine Mfg. Co.							18.00							
Dec.	Finkbine Lbr. Co.							13.00	13.00						
Dec.	Yellow Pine Mfg. Co.						18.00								
Dec.	Buckner-Saunders Co.	16.00	11.50		11.50		14.00	14.00	14.00			11.50	12.00		12.00
1903.															
Feb.	Lake Mills	15.00					13.50						15.00		15.00
Mar.	Buckner-Saunders Co.	17.00	12.00		12.50	11.00	15.00	15.00	15.00						
Mar.	Yellow Pine Mfg. Co.	13.50	13.50		13.50	13.50									

EXHIBIT U (corrected), testimony of C. B. Compton.

Central Yellow Pine Association v. Illinois Central R. R. et al.

Statement showing rates on lumber, at present effective, from southern territory to Ohio River crossings, and also rates which have been effective from time to time to Ohio River crossings, and comparison of present with old rates.

From—	To—	8/1/88 B	8/1/88 F	3/18/92	4/17/92	11/18/92	7/28/93	8/2/94	12/1/95	8/1/99	9/8/99	6/22/03	Average of rates. Old.	Average of rates. Present.
Tifton, Enigma, and [a] ilaton, Ga., A. C. L. between Brunswick and Albany.	Cincinnati	20	23	20	20	20	20	20	20	21	22	24	21.5	24
	Louisville	20	23	20	20	18	18	18	18	19	20	22	21.5	22
	Evansville	20	23	20	20	19	19	19	19	20	21	23	21.5	23
	Cairo, proper	20	23	20	17	17	16	13	17	18	19	21	21.5	21
	Cairo, beyond	20	23	20	17	17	*16	13	13	14	15	17	21.5	11
												Average	21.5	21.4

[a] Mutilated.

* When destined to Illinois points, 15c.

From—	To—	4/10/90 B	4/10/90 F	2/6/92	3/20/93	7/16/93	6/25/94	9/1/99	9/8/99	6/22/03	Average of rates. Old.	Average of rates. Present.
[a] ky Ford and Tennille, Savannah Divn of Central of Ga., between Macon and Savannah.	Cincinnati	20	23	20	20	20	20	21	22	24	21.5	24
	Louisville	20	23	20	18	18	18	19	20	22	21.5	22
	Evansville	20	23	20	19	19	19	20	21	23	21.5	23
	Cairo, proper	20	23	17	17	16	13	14	15	17	21.5	17
	Cairo, beyond	20	23	17	17	*16	13	14	15	17	21.5	17
										Average	21.5	20.6

[a] Mutilated.

* When destined to Illinois points, 15c.

From—	To—	4/10/90 B	4/10/90 F	2/6/92	3/20/93	7/16/93	6/25/94	9/1/99	9/8/99	6/22/03	Average of rates. Old.	Average of rates. Present.
Leary and Forrester, Ga., S. W. Div. of Central of Ga., between Americus and Arlington, Ga.	Cincinnati	20	23	20	20	20	20	21	22	24	21.5	24
	Louisville	20	23	20	18	18	18	19	20	22	21.5	22
	Evansville	20	23	20	19	19	19	20	21	23	21.5	23
	Cairo, proper	20	23	17	17	16	13	14	15	17	21.5	17
	Cairo, beyond	20	23	17	17	*16	13	14	15	17	21.5	17
										Average	21.5	20.6

* When destined to Illinois points, 15c.

EXHIBIT U (corrected), testimony of C. B. Compton.

Central Yellow Pine Association v. Illinois Central R. R., et al.

Statement showing rates on lumber, at present effective, from southern territory to Ohio River crossings, and also rates which have been effective from time to time to Ohio River crossings, and comparison of present with old rates—Continued.

From—	To—	4/10/90		2/6/92	3/20/93	7/16/93	6/25/94	9/1/99	9/8/99	6/22/03		Average of rates.	
		B	F									Old.	Present.
Buena Vista and Ellaville, Ga., B. V. & E. Div. of Central of Ga., between Americus and Columbus, Ga.	Cincinnati	20	23	20	20	20	20	21	22	24		21.5	24
	Louisville	20	23	20	18	18	18	19	20	22		21.5	22
	Evansville	20	23	20	19	19	19	20	21	23		21.5	23
	Cairo, proper	20	23	17	17	16	13	14	15	17		21.5	17
	Cairo, beyond	20	23	17	17	*16	13	14	15	17		21.5	17
											Average	21.5	20.6

* When destined to Illinois points, 15c.

		8/3/89		6/15/92	7/21/92	12/23/92	8/1/93	6/1/94	9/1/99	9/8/99	6/22/03		
		B	F										
Abbeville, Helena, Pitts, and other stations on Montgomery Div. of S. A. L., between Montgomery and Savannah.	Cincinnati	20	23	20	20	20	20	20	21	22	24	21.5	24
	Louisville	20	23	20	20	18	18	18	19	20	22	21.5	22
	Evansville	20	23	20	20	19	19	19	20	21	23	21.5	23
	Cairo, proper	20	23	19	19	19	16	16	18	19	21	21.5	21
	Cairo, beyond	20	23	19	19	19	*15	13	14	15	17	21.5	17
												Average 21.5	21.4

* When destined to Illinois points.

		5/4/90		11/22/92		12/22/92		12/1/95	4/15/97	9/1/99	9/8/99	6/22/03			
		B	F	B	F	B	F								
Jacksonville, Fla.	Cincinnati	25	28	23	23	25	28	22	20	21	22	24		26.5	24
	Louisville	25	28	23	23	25	28	20	18	19	20	22		26.5	22
	Evansville	25	28	23	23	25	28	21	19	20	21	23		26.5	23
	Cairo, proper	25	28	23	23	25	28	19	17	18	19	21		26.5	21
	Cairo, beyond	25	28	23	23	25	28	15	13	14	15	17		26.5	17
													Average	26.5	21.4

EXHIBIT U.—*Statement showing rates on lumber at present effective*

From—	To—	1/1/87		3/23/87		4/15/87		5/30/87		8/8/89		5/28/91		5/24/92	
		B	F	B	F	B	F	B	F	B	F	B	F	B	F
Mobile & Montgomery and Pensacola divn's of L. & N. R. R.	Cincinnati	28	35	24	27	28	35	24	27	23	26	23	26	20	23
	Louisville	23	30	21	24	23	30	21	24	20	23	20	23	18	21
	Evansville	25	32	22	25	24	31	22	25	20	23	20	23	19	22
	Cairo proper											20	23	20	23
	Cairo beyond											20	23	20	23

		1/1/87		4/15/87		5/28/87		4/16/88		8/8/89		5/28/91		5/24/92	
		B	F	B	F	B	F	B	F	B	F	B	F	B	F
Crestview, Fla., and other stations on P. & A. Division of L. & N. R. R.	Cincinnati	28	35	28	35	24	27	26	29	26	29	26	29	24	27
	Louisville	23	30	23	30	21	24	23	26	23	26	23	26	21	24
	Evansville	25	32	24	31	22	25	24	27	23	26	23	26	22	25
	Cairo proper											23	26	23	26
	Cairo beyond											23	26	23	26

From southern territory to Ohio River crossings, etc.—Continued.

7/10/93		7/25/93		5/10/94		2/15/96		3/9/96		5/20/97	11/17/97	1/20/99	5/25/99	9/8/99	5/8/02	6/22/03			Average of rates.	
B	F	B	F	B	F	B	F	B	F										Old.	Present.
20	23	20	23	20	23	20	23	20	23	20	20	20	20	21	21	23	.....	.....	31.5	23
18	21	18	21	18	21	18	21	18	21	18	18	18	18	19	19	21	.....	.....	26.5	21
19	22	19	22	19	22	19	22	19	22	19	19	19	18	19	20	22	.....	.....	28.5	22
20	23	16	19	16	19	13	16	16	19	16	13	16	16	19	6	22	.....	.....	21.5	22
16	19	16	19	13	16	13	16	16	19	13	13	13	13	15	5	16	.....	.....	21.5	16
*15	*18	*15	*18																	

*When destined to Illinois points. Average 25.9 20.8

8/9/92		7/10/93		7/25/93		5/10/94		2/15/96		3/9/96		5/20/97	11/17/97	1/20/99	5/25/99	9/8/99	5/21/00	5/18/02	6/10/02	6/22/03		
B	F	B	F	B	F	B	F	B	F	B	F											
22	25	22	25	22	25	22	25	22	25	22	25	22	22	22	22	23	21	21	21	23	31.5	23
20	23	20	23	20	23	20	23	20	23	20	23	20	20	20	20	21	19	19	19	21	26.5	21
21	24	21	24	21	24	21	24	21	24	21	24	21	21	21	20	21	19	20	20	22	28.5	22
23	26	23	26	19	22	19	22	15	18	19	22	19	15	18	18	18	18	18	16	22	24.5	22
23	26	19	23	19	22	15	18	15	18	15	18	15	15	15	15	16	14	14	14	16	24.5	16
		*18	*21	*18	21																	

*When destined to Illinois points. Average 27.1 20.8

EXHIBIT U.—*Statement showing rates on lumber at present effective from southern territory to Ohio River crossings, etc.*—Continued.

		4/11/87		9/20/89		11/28/91	9/6/92	7/16/93	5/17/94	9/8/99	6/22/03				Average rates.	
		B	F	B	F										Old.	Present.
Sterling, Baxley, and other stations on Southern Ry. between Macon and Brunswick.	Cincinnati	20	23	20	23	20	20	20	20	21	23	.....	.....	.....	21.5	23
	Louisville	20	23	20	23	20	18	18	18	19	21	.....	.....	.....	21.5	21
	Evansville	20	23	20	23	20	19	19	19	20	22	.....	.....	.....	21.5	22
	Cairo proper	.....	.....	20	23	17	17	16	13	14	16	.....	.....	.....	21.5	16
	Cairo beyond	.....	.....	20	23	17	17	*16	13	14	16	.....	.....	.....	21.5	16

* When destined to Illinois points. Average 21.5 19.6

		7/10/90		7/10/90		8/22/90		1/15/92	10/31/92	7/16/93	5/28/94	9/7/94	9/1/99	9/8/99	6/22/03		
		L. City.		L. Butler.		B	F										
		B	F	B	F												
Lake City and Lake Butler, Fla. (G. S. & F. Ry. between Suwanee Valley and Hampton, Fla.—Group 3).	Cincinnati	25	25	27.9	30.9	22	25	22	22	22	22	22	23	24	26	27.2	26
	Louisville	25	25	27.9	30.9	22	25	22	20	20	20	20	21	22	24	27.2	24
	Evansville	25	25	27.9	30.9	22	25	22	21	21	21	21	22	23	25	27.2	25
	Cairo proper	25	25	27.9	30.9	22	25	19	19	18	15	19	20	21	23	27.2	23
	Cairo beyond	25	25	27.9	30.9	22	25	19	19	*18	15	15	16	17	19	27.2	19

* When destined to Illinois points. Average 27.2 23.4

EXHIBIT U.—*Statement showing rates on lumber at present effective from southern territory to Ohio River crossings, etc.*—Continued.

		7/10/90 N'burg.		7/10/90 Palatka proper.		7/10/90 Palatka byo.		8/22/90		1/15/92	10/31/92	7/16/93	5/28/94	9/7/94	11/11/95	9/1/99	9/8/99	6/22/03			Average rates.	
		B	F	B	F	B	F	B	F												Old.	Present.
Newburg and Palatka Fla. (G. S. & F. Ry. between Theresa and Palatka—Group 4).	Cincinnati	28.6	31.6	29	32	25	28	23	26	23	23	23	23	23	23	23	24	26	.....	.....	29	26
	Louisville	28.6	31.6	29	32	25	28	23	26	23	21	21	21	21	21	21	22	24	.....	.....	29	24
	Evansville	28.6	31.6	29	32	25	28	23	26	23	22	22	22	22	22	22	23	25	.....	.....	29	25
	Cairo proper	28.6	31.6	29	32	25	28	23	26	20	20	19	16	20	19	20	21	23	.....	.....	29	23
	Cairo beyond	28.6	31.6	29	32	25	28	23	26	20	20	* 19	16	16	15	16	17	19	.....	.....	29	19

* When destined to Illinois points.

Average 29 23.4

		7/12/90		10/1/91		10/12/91		11/12/91		2/16/92		5/3/92		8/17/92		11/15/92		7/16/93		8/11/93	5/10/94	12/1/95	9/1/99	9/8/99	6/22/03		
		B	F	B	F	B	F	B	F	B	F	B	F	B	F	B	F	B	F								
Iron City and Donaldsonville, Ga., A.C.L.	Cincinnati	23	26	23	26	23	26	23	26	23	26	23	26	20	23	20	23	20	23	20	20	20	21	22	24	24.5	24
	Louisville	20	23	20	23	20	23	20	23	20	23	18	21	18	21	18	21	18	21	18	18	18	19	20	22	21.5	22
	Evansville	20	23	20	23	20	23	21	24	20	23	20	23	19	22	19	22	19	22	19	19	19	20	21	23	21.5	23
	Cairo proper	.....	.....	.....	.....	23	26	23	26	20	23	20	23	19	22	19	22	19	22	19	19	17	13	19	21	24.5	21
	Cairo beyond	.....	.....	.....	.....	23	26	23	26	20	23	20	23	19	22	19	22	*16	*19	†16	13	13	14	15	17	24.5	17

* When destined to Illinois points.
† " " " " " " 15¢

Average 23.5 21.4
Total average 24 21.1

EXHIBIT V

Statement showing rates on lumber at present effective from southern territory to Chicago, Ill., and Indianapolis, and comparison

From—	To—	1/1/87		4/21/87		4/30/87		5/2/87	
		B	F	B	F	B	F	B	F
M. & M. and Pensacola divisions of L. & N. R. R.	Chicago	.....	.....	35	40	33	40	33	40
	Indianapolis	31	.....	31	.....	31	.....	31	38

		1/1/87		4/21/87		5/2/87		5/28/87	
		B	F	B	F	B	F	B	F
Crestview, Fla., and other stations on P. & A. Divn. of L. & N. R. R.	Chicago	34	41	33	40	33	40	31	34
	Indianapolis	.....	.....	.....	.....	31	38	29	32

		4/11/87		4/1/90		4/8/90		5/12/91	
		B	F	B	F	B	F	B	F
Sterling, Baxley, and other stations on Sou. Ry. between Macon and Brunswick.	Chicago	28.5	31.6	25	28	24	27	25	28
	Indianapolis	25.5	28.5	24	27	24	27	24	28

		3/1/90		3/5/90		1/15/92	1/20/93
		B	F	B	F		
Richwood and Adel, Ga., G. S. & F. Ry. between Macon and Atlanta.	Chicago	28.5	31.5	25	28	24	24
	Indianapolis	25.5	28.5	24	27	24	21

		3/1/90		3/5/90		1/15/92	11/20/93
		B	F	B	F		
Avoca, Jasper, and Genoa, Fla., G. S. & F. Ry. bet. Dasher, Ga., and White Springs, Fla.	Chicago	29.5	32.5	26	29	25	25
	Indianapolis	26.5	29.5	25	28	25	22

		7/23/90		1/1/91		10/1/91		10/12/91	
		B	F	B	F	B	F	B	F
Iron City and Donaldsonville, Ga., Atlantic Coast Line.	Chicago	27	30	27	30	30	33	28	31
	Indianapolis	25	28	24	27	27	30	25	28

to Compton.

and Indianapolis, Ind., and also rates which have been effective from time to time to Chicago of present with old rates.

5/28/87		8/5/89		7/16/93		5/10/94		5/20/97	9/8/99	1/1/1900	7/29/02	6/22/03		Average of rates.	
B	F	B	F	B	F	B	F							Old.	Present.
31	34	25	28	24	27	22	25	22	23	24	24	26	.....	37.5	26
29	32	24	27	25	28	22	25	22	23	24	23	25	.....	34.5	25

8/5/89		7/16/93		7/27/93		5/10/94		5/20/97	9/8/99	1/1/1900	5/21/00	7/29/02	6/22/03		
B	F	B	F	B	F	B	F								
28	31	27	30	26	29	24	27	24	25	26	24	24	26	37.5	26
27	30	28	31	27	30	24	27	24	25	26	24	23	25	34.5	25

11/28/91		1/2/93		5/1/93		8/2/93		5/17/94	9/8/99	1/1/1900	6/22/03				
24		24		24		24		22	23	24	26	.....	.....	30	26
24		21		23		25		22	23	24	26	.....	.....	27	26

7/16/93		8/5/93		5/28/94		9/1/99		9/8/99	1/1/1900	6/22/03	10/12/03				
24		24		22		23		24	25	27	27	.....	.....	30	27
23		25		22		23		24	25	27	26	.....	.....	27	26

7/16/93		8/5/93		5/28/94		9/1/99		9/8/99	1/1/1900	6/22/03	10/12/03				
35		25		23		24		25	26	28	28	.....	.....	31	28
24		26		23		24		25	26	28	27	.....	.....	28	27

2/15/92		4/29/93		8/11/93	8/4/94	9/1/99	9/8/99	1/1/1900	7/29/02	6/22/03			
B	F	B	F										
27	30	25	28	24	22	23	24	25	25	27	.....	31.5	27
24	27	24	27	25	23	23	24	25	24	26	.....	28.5	26

Statement showing rates on lumber at present effective from southern territory to Chicago, Ill., and Indianapolis, and comparison

		8/1/88		3/18/92	4/17/92	3/24/93
		B	F			
Tifton, Enigma, and Leliaton, Ga., A. C. Line between Brunswick and Albany.	Chicago	29	32	25	24	24
	Indianapolis	26	29	24	24	21

		1/10/88		4/19/90		2/6/92	3/20/93
		B	F	B	F		
Rocky Ford and Tennille, Ga., Savannah Divn.—Cent. of Ga. bet. Macon and Savannah.	Chicago	(a)	(a)	(a)	(a)	24	24
	Indianapolis	(a)	(a)	(a)	(a)	(a)	(a)

[a] Mutilated.

and Indianapolis, Ind., and also rates which have been effective from time to time to Chicago of present with old rates—Continued.

5/24/93	7/28/93	8/2/94	8/1/99	9/8/99	1/1/1900	7/29/02	6/22/03				
24	24	22	23	24	25	25	27	.....	.....	30.5	27
23	25	22	23	24	25	24	26	.....	.....	27.5	26

5/1/93	7/16/93	8/23/93	6/25/94	9/1/99	9/8/99	1/1/1900	7/29/02	6/22/03			
(a)	24	24	22	23	24	25	25	27	.....	26.5	27
(a)	(a)	25	22	23	24	25	24	26	.....	27.5	26

a Mutilated.

Exhibit W to Compton.

Statement of yellow pine lumber shipments from points on the Louisville & Nashville R. R. to Ohio River points and beyond, January 1st, 1888, to September 30th, 1903, inclusive.

Year.	No. of cars.	Average No. cars per day.	Rate to Chicago.		Average rate.
			Box.	Flat.	
1888	2,540	6.9	31	34	32½
1889	3,319	9.1	25	28	26½
1890	3,804	10.4	25	28	26½
1891	4,204	11.5	25	28	26½
1892	5,404	14.8	25	28	26½
1893	5,169	14.1	24	27	25½
1894:					
Jan. 1 to May 9	1,449	10.6	24	27	25½
	2,867				
	4,316				
May 10 to Dec. 31	2,867	12.5	22	25	23½
Total, 1894	4,316	11.8	22	25	23½
1895	4,414	12	22	25	23½
1896	3,817	10.4	22	25	23½
1897	3,627	9.9	22	.....	May 20.
1898	4,841	13.2	22	.....	.....
1899	4,264	11.7	23	.....	Sept. 8.
1900	3,033	8.3	24	.....	Jan. 1.
1901	4,065	10.8	24	.....	.....
1902	7,011	19	24	.....	.....
1903:					
Jan. 1 to June 21	4,178	24	24	.....	.....
June 22 to Sept. 30	2,324	23	26	.....	.....
	6,502				

NOTE.—Rates shown to Chicago are rates from the Mobile & Montgomery division of L. & N. R. R.

Exhibit X to Compton.

Comparison of the exhibits of rates on lumber in various parts of the United States.

Exhibit.	From—	To—	Average distance.	Average rate.	Rate per ton per mile, mills.
C	Pacific coast	Central Frt. Assn. Territory and Missouri River.	2,316.5	53.9	4.65
D	Michigan	Central Frt. Assn. Territory	389	15.1	7.8
E	Minnesota and Wisconsin	Chicago, Ill	359.7	10.8	6.03
F	Ohio River	Six points of destination in C. F. A. Territory.	352.7	11.5	6.52
J	L. & N. stations	Ohio River (accruing to L. & N. to Ohio River).	706.5	17	4.81
K	L. & N. stations	Central Frt. Assn. Territory and Ohio River proper.	903	26.2	5.92
L	Southeastern Territory	Central Frt. Assn. Territory and Ohio River proper.	906	28.1	6.21
M	Alabama and Mississippi	Central Frt. Assn. Territory and Ohio River proper.	885	27.49	6.21
N	Arkansas, Texas, and Louisiana.	Central Frt. Assn. Territory and Ohio River proper.	846	27.9	6.59
O	Texas, Louisiana, and Arkansas.	Missouri River points	624	23	7.37
P	Texas, Louisiana, and Arkansas.	Colorado and N. Mexico	837	34.99	8.31
Q	Ohio River	32 points of destination in C. F. A. Territory.	317	10.9	6.91
R	Michigan and Wisconsin	Missouri River points	808	28.6	7.1
S	Central Frt. Assn. Territory	Trunk Line Territory	911	25.6	5.6

Exhibit X.

Exhibit X is a comparison of the exhibits of rates in various parts of the United States as set forth in Exhibits C, D, E, F, J, K, L, M, N, O, P, Q, R, and S.

It shows a comparison of the average distance, the average rate, and the rate Per ton per mile.

Exhibit Y to Compton.

Comparison of rates on lumber from L. & N. stations in Alabama, south of Montgomery, southeastern territory, (standard) Louisiana, Mississippi, and Arkansas to thirty-nine points of destination, being the same points as shown in Exhibits J. K. L. N.

[Rates shown in parallel columns for easy comparison.]

From—	To—		To—	
	L. & N. stations.	Southeast.	Mississippi, Louisiana.	Arkansas.
Rock Island, Ill	26	26	25	26
Quincy, Ill	26	26	25.5	26
Litchfield, Ill	23.8	23.8	23.8	23.8
Peoria, Ill	25	25	25	30
Streator, Ill	26	26	26	26
Joliet, Ill	26	26	26	26
Chicago, Ill	26	26	26	26
Danville, Ill	25	25	25	25
Milwaukee, Wis	29	29	29	29
Michigan City, Ind	26	26	28	28
Terre Haute, Ind	24	24	24	24
Vincennes, Ind	22	22	22	22
Logansport, Ind	27	27	27	27
Indianapolis, Ind	25	26	26	26
Elkhart, Ind	28	28	28	28
Frankfort, Ind	26	26	26	26
Greencastle, Ind	26	26	26	26
Kalamazoo, Mich	30	30	30	30
Jackson, Mich	30	30	30	30
Grand Rapids, Mich	30	30	30	30
Detroit, Mich	30	30	30	30
Alvordton, Ohio	30	30	30	30
Toledo, Ohio	30	30	30	30
Dayton, Ohio	27.5	26	27.5	28
Sandusky, Ohio	30	30	30	30
Bellaire, Ohio	33	32	33	34
Columbus, Ohio	29	29	29	29
Mansfield, Ohio	30	30	30	30
Gallipolis, Ohio	31	31	31	31
Cleveland, Ohio	31	31	31	31
Pittsburgh, Pa	33	32	33	34
Buffalo, N. Y	33	33	33	34
Cincinnati, Ohio	23	23	23	27
Louisville, Ky	21	21	21	27
Evansville, Ind	22	22	22	23
Cairo (proper), Ill	22	16	16	16
Cairo (beyond), Ill	16	16	16	16
St. Louis, Mo	22	20	20	18
Mt. Vernon, Ill	20	20	20	23

Exhibit Y.

Exhibit Y is a comparison of the rates on lumber from L. & N. stations south of Montgomery, from southeastern territory, from Louisiana, Mississippi, and Arkansas, to 39 representative points of destination, being the same points of destination as shown in Exhibits J, K, L, and N.

It shows the rates, in parallel columns, from L. & N. stations in Alabama south of Montgomery, from southeastern territory (standard), from Louisiana, Mississippi, and Arkansas.

Rates are shown in parallel columns for easy comparison.

Exhibit Z to Compton.

Statement showing the movement of lumber from points on the St. Louis, Iron Mountain & Southern Ry., New Orleans & Northeastern Railway (V. S. & P. division), St. Louis Southwestern Railway, and Missouri, Kansas & Texas Railway, in Arkansas, Louisiana, and Texas to points on and north of the Ohio River, January 1st to October 31, 1902, and January 1st to October 31st, 1903.

[Movement shown in cars.]

	St. L., I. M. & S.		N. O. & N. E.		St. L. S. W.		M. K. & T.		Total.	
	1902.	1903.	1902.	1903.	1902.	1903.	1902.	1903.	1902.	1903
January	1,609	1,987	181	498	524	966			2,314	3,441
February	1,265	1,723	303	385	477	428			2,045	2,536
March	1,976	1,800	333	539	904	964			3,213	3,303
April	1,854	2,549	499	880	1,023	1,308			3,376	4,747
May	1,730	2,708	660	888	1,333	1,467	180	133	3,723	5,052
June	1,568	2,672	605	460	1,070	1,480			3,243	4,612
July	1,584	2,327	635	645	1,086	1,240			3,305	4,212
August	1,571	2,153	720	616	1,262	1,524			3,553	4,293
September	1,767	1,991	558	582	1,150	1,080			3,475	3,653
October	1,929	1,803	573	546	1,038	1,143			3,540	3,492
	16,853	21,713	5,067	6,039	9,867	11,600	180	133	31,967	39,485

Exhibit ZZ to Compton.

Recapitulation of statement of pine lumber and timber exported via the port of Pensacola, Fla., January 1st, 1903, to October 31st, 1903.

1903.	Sawn timber, sup. ft.	Value.	Hewn timber, cub. ft.	Value.	Lumber, sup. ft.	Value.
January	14,546,000	$187,776	15,382	$2,409	12,382,000	$150,238
February	10,687,000	137,107	33,212	5,291	8,961,000	118,072
March	22,681,000	294,598	28,309	4,705	14,699,000	225,240
April	20,129,000	256,272	22,373	4,237	11,670,000	176,768
May	12,935,000	167,414	21,455	3,882	12,216,000	154,658
June	18,449,000	237,798	44,290	8,207	11,906,000	186,367
July	20,518,000	258,950	82,859	14,487	13,445,000	202,633
August	24,103,000	292,828	14,719	3,128	6,805,000	112,092
September	16,641,000	210,834	73,016	13,545	17,130,000	280,943
October	7,121,000	88,342	8,927	1,550	4,290,000	59,300
	167,810,000	2,131,919	344,542	61,441	113,504,000	1,675,881

Exhibit Zb to Compton.

Via		Cairo.	Evansville.			Louisville.			Cincinnati.		
To—		Present rates.	Present rates.	Note 1.	Note 2.	Pres. rates.	Note 1.	Note 2.	Pres. rates.	Note 1.	Note 2.
Base rates to river crossings		16	22	20	19	21	19	18	23	21	20
Rock Island, Ill.	Arb'y	10	10	10	10	15	15	15	15	15	15
	Thro.	26	32	30	29	36	34	33	38	36	35
Quincy, Ill.	Arb'y	10	10	10	10	13	13	13	13	13	13
	Thro.	26	32	30	29	34	32	31	36	34	33
Litchfield, Ill.	Arb'y	7.82	8	8	8	11	11	11	11	11	11
	Thro.	23.82	30	28	27	32	30	29	34	32	31
Peoria, Ill.	Arb'y	9	8	8	8	10	10	10	11	11	11
	Thro.	25	30	28	27	31	29	28	34	32	31
Streator, Ill.	Arb'y	10	10	10	10	11	11	11	11	11	11
	Thro.	26	32	30	29	32	30	29	34	32	31
Joliet, Ill.	Arb'y	10	10	10	10	11	11	11	10	10	10
	Thro.	26	32	30	29	32	30	29	33	31	30
Chicago, Ill.	Arb'y	10	10	10	10	11	11	11	10	10	10
	Thro.	26	32	30	29	32	30	29	33	31	30
Danville, Ill.	Arb'y	9	7	7	7	10	10	10	9	9	9
	Thro.	25	29	27	26	31	29	28	32	30	29
Milwaukee, Wis.	Arb'y	13	13	13	13	14	14	14	13	13	13
	Thro.	29	35	33	32	35	33	32	36	34	33
Michigan City, Ind.	Arb'y	10	10	10	10	11	11	11	10	10	10
	Thro.	26	32	30	29	32	30	29	33	31	30
Terre Haute, Ind.	Arb'y	8	5	5	5	8	8	8	7	7	7
	Thro.	24	27	25	24	29	27	26	30	28	27
Vincennes, Ind.	Arb'y	6	5	5	5	8	8	8	8	8	8
	Thro.	22	27	25	24	29	27	26	31	29	28
Logansport, Ind.	Arb'y	11	9	9	9	10	10	10	9	9	9
	Thro.	27	31	29	28	31	29	28	32	30	29
Indianapolis, Ind.	Arb'y	9	7	7	7	8	8	8	7	7	7
	Thro.	25	29	27	26	29	27	26	30	28	27
Elkhart, Ind.	Arb'y	12	10	10	10	11	11	11	10	10	10
	Thro.	28	32	30	29	32	30	29	33	31	30
Frankfort, Ind.	Arb'y	10	8	8	8	9	9	9	8	8	8
	Thro.	26	30	28	27	30	28	27	31	29	28
Greencastle, Ind.	Arb'y	10	7	7	7	8	8	8	7	7	7
	Thro.	26	29	27	26	29	27	26	30	28	27
Kalamazoo, Mich.	Arb'y	14	12	12	12	12	12	12	11	11	11
	Thro.	30	34	32	31	33	31	30	34	32	31
Jackson, Mich.	Arb'y	14	12	12	12	12	12	12	10	10	10
	Thro.	30	34	32	31	33	31	30	33	31	30
Grand Rapids, Mich.	Arb'y	14	12	12	12	13	13	13	12	12	12
	Thro.	30	34	32	31	34	32	31	35	33	32
Detroit, Mich.	Arb'y	14	12	12	12	12	12	12	10	10	10
	Thro.	30	34	32	31	33	31	30	33	31	30
Alvordton, Ohio.	Arb'y	14	12	12	12	12	12	12	10	10	10
	Thro.	30	34	32	31	33	31	30	33	31	30
Toledo, Ohio.	Arb'y	14	12	12	12	12	12	12	9	9	9
	Thro.	30	34	32	31	33	31	30	32	30	29
Dayton, Ohio.	Arb'y	12	10	10	10	10	10	10	4.5	4.5	4.5
	Thro.	28	32	30	29	31	29	28	27.5	25.5	24.5
Sandusky, Ohio.	Arb'y	14	12	12	12	12	12	12	9	9	9
	Thro.	30	34	32	31	33	31	30	32	30	29
Bellaire, Ohio.	Arb'y	18	16	16	16	14	14	14	10	10	10
	Thro.	34	38	36	35	35	33	32	33	31	30
Columbus, Ohio.	Arb'y	13	12	12	12	12	12	12	7.5	7.5	7.5
	Thro.	29	34	32	31	33	31	30	30.5	28.5	27.5
Mansfield, Ohio.	Arb'y	14	12	12	12	12	12	12	8.5	8.5	8.5
	Thro.	30	34	32	31	33	31	30	31.5	29.5	28.5
Gallipolis, Ohio.	Arb'y	15	13	13	13	12	12	12	9	9	9
	Thro.	31	35	33	32	33	31	30	32	30	29
Cleveland, Ohio.	Arb'y	15	14	14	14	13	13	13	10	10	10
	Thro.	31	36	34	33	34	32	31	33	31	30
Pittsburg, Pa.	Arb'y	18	16	16	16	14	14	14	10	10	10
	Thro.	34	38	36	35	35	33	32	33	31	30
Buffalo, N. Y.	Arb'y	18	16	16	16	14	14	14	10	10	10
	Thro.	34	38	36	35	35	33	32	33	31	30

Note 1.—The "through" rate shown in columns headed Note 1 represent the rates which would be available in case of a reduction of two cents per hundred pounds in the rates to Evansville, Louisville, and Cincinnati.

Note 2.—The "through" rate shown in columns headed Note 2 represent the rates which would be available in case of a reduction of three cents per hundred pounds in the rates to Evansville, Louisville, and Cincinnati.

EXHIBITS FILED BY L. GREEN AND UNIDENTIFIED EXHIBITS AS TO FINANCIAL CONDITION OF SOUTHERN RAILWAY.

EXHIBIT No. 2 to testimony of L. Green.

(See p. 555.)

Southern Railway Company, office of general freight agent. E. A. Niel, general freight agent; L. Green, assistant general freight agent.

ATLANTA, GA., *March 31st, 1903.*

Rate 3149–B.

Mr. S. F. PARROTT, *Chairman, City.*

DEAR SIR: Rate adjustment: Rates on yellow pine lumber from the South to western points.

It will be the intention of the Southern Railway, effective April 15th, 1903, to make the following changes in rates on lumber from points on its line, and to participate with its connections in making similar changes from points on their lines, namely:

We will advance two cents per hundred pounds in the rates on yellow pine lumber, carloads, from producing points in Mississippi, Louisiana, and the Southeast to St. Louis, East St. Louis, and all Mississippi River crossings between Memphis and St. Louis and all Ohio River crossings, Cairo to Cincinnati, both inclusive.

We will make the rates to all points north of the Ohio River and east of the Mississippi River and west of the western termini of the trunk lines on the lowest combination.

We will also make an advance of two cents per hundred pounds in the rates to Nashville, Tenn., Memphis, Tenn., to west Tennessee and Kentucky junction points, provided this does not make rates in excess of the continuous local scale of any line.

We will also make an advance of two cents per hundred pounds in the rates to Chattanooga, Tenn., provided that it does not exceed the continuous local scale of any line.

It will also be our purpose to make an advance of two cents per hundred pounds from points in Mississippi, Alabama, and the Southeast to the Buffalo-Pittsburg zone.

Yours, truly,

(Signed) E. A. NIEL, *G. F. A.*

Copy.

EXHIBIT No. 5 to testimony of L. Green.

(See p. 559.)

Statement showing the movement of lumber via Southern Railway from points in Florida, Georgia, Alabama, Mississippi, and east Louisiana to points on and north of the Ohio River for the period January 1st to October 31st, inclusive, 1903, as compared with corresponding period of previous year.

Month.	Georgia and Florida.	Alabama, Mississippi, and eastern Louisiana.	Total.
1903.			
January	506	359	865
February	544	440	984
March	693	371	1,064
April	564	468	1,032
May	424	712	1,136
June	641	540	1,181
July	636	480	1,116
August	427	476	903
September	338	390	728
October	338	396	734
Total	5,111	4,632	9,743
1902.			
January	404	279	683
February	434	229	663
March	473	429	902
April	543	375	918
May	519	235	754
June	408	347	755
July	681	397	1,078
August	415	375	790
September	514	250	764
October	385	335	720
Total	4,776	3,251	8,027

The increase for ten months of 1903 over 1902 was 1,716 cars, or 21.3 per cent.

The increase for the first quarter prior to the advance, which became effective in Mississippi and east Louisiana on April 15th, and in Georgia, Florida, and Alabama on June 22nd, was 665 cars, or 29.5 per cent. The increase during this period from Mississippi and east Louisiana alone amounted to only 3 cars.

The total movement for the remaining seven months was 6,830 cars in 1903 and 5,779 cars in 1902, an increase of 1,051 cars, or 18.2 per cent. The movement from Mississippi and east Louisiana alone for this same period increased 619 cars, or more than 55 per cent, and this increased movement took place under the advanced rates, subsequent to April 15th.

EXHIBIT No. 6 to testimony of L. Green.

(See p. 560.)

Statement showing number of cars of lumber moving from points on Southern Railway, Mobile division, for each month, April 15th to August 31, 1903 and 1902.

	1903.	1902.	Increase.
April 15-30	185	145	40
May	282	264	18
June	248	218	30
July	296	243	53
August	347	194	153
Total	1,358	1,064	294—27.5%

The advanced rates did not become effective from points in Alabama until June 22nd. The increased movement for the months of July and August, 1903, was 206 cars, or 47.1 per cent.

EXHIBIT No. 7 to testimony of L. Green.

Rates on coal, carloads, per ton 2,000 pounds, from Birmingham, Alabama.

To—	Miles.	Rates per ton.	Rates per ton per mile.
Anniston, Ala	64	$0.70	$0.0109
Rome, Ga	126	1.10	.0087
Chattanooga, Tenn	143	1.05	.0073
Atlanta, Ga	167	1.15	.0068
Athens, Ga	240	1.70	.0071
Augusta, Ga	338	1.90	.0056
Macon, Ga	255	1.60	.0063
Greenville, S. C	328	1.85	.0056
Spartanburg, S. C	359	1.98	.0056
Charlotte, N. C	435	2.35	.0054
Meridian, Miss	152	1.10	.0072
Columbus, Miss	116	.90	.0077
Average	227	1.448	.00637

EXHIBIT No. 8 to testimony of L. Green.

Statement showing existing rates on lumber from points in Alabama and Mississippi to Gulf ports and to points in the South near the pine-producing district, the distances and the rates per ton per mile thereon.

To—	From— Jackson, Ala.			Fulton, Ala.			Pine Hill, Ala.			Demopolis, Ala.			Riderville, Ala.			Wilsonville, Ala.		
	Rate.	Distance.	Per ton per mile.	Rate.	Distance.	Per ton per mile.	Rate.	Distance.	Per ton per mile.	Rate.	Distance.	Per ton per mile.	Rate.	Distance.	Per ton per mile.	Rate.	Distance.	Per ton per mile.
Mobile, Ala	[a]4	61	13.1	7	88	15.9	7	108	12.9	[a]10	186	10.8	10	186	10.8	11	245	9.3
Selma, Ala	8	102	15.7	7	75	18.7	7	55	25.4	5	50	20	5	23	43.4	8	81	19.8
Meridian, Miss	10	184	10.9	9	157	11.5	9	137	13.1	7	60	23.3	9	134	13.4	10	191	10.5
Anniston, Ala	11	234	9.4	11	207	10.6	10	187	10.7	10	183	10.9	8	109	14.7	7	51	27.5
Birmingham, Ala	8	203	7.9	8	176	9.1	8	156	10.2	8	152	10.5	5	78	12.8	5	76	13.2
Rome, Ga	12	298	8.1	12	271	8.1	12	251	9.6	11	246	9	10	172	11.6	8	115	13.9
Chattanooga, Tenn	13	377	6.9	13	350	7.4	13	330	7.9	12	325	7.4	12	251	9.6	12	194	12.4

To—	From— Lumberton, Miss.			Hattiesburg, Miss.			Laurel, Miss.		
	Rate.	Distance.	Per ton per mile.	Rate.	Distance.	Per ton per mile.	Rate.	Distance.	Per ton per mile.
New Orleans, La	6.5	84	15.5	7	111	12.6	7	139	10.1
Meridian, Miss	7	112	12.5	6½	85	14.7	6	57	21.1
Jackson, Miss	8	132	12.1	8	90	17.8	8	90	17.8
Vicksburg, Miss	8	222	7.2	8	225	7.1	8	196	8.2
Columbus, Miss	10	210	9.5	10	183	10.9	9	154	11.6
Tupelo, Miss	11	256	8.6	11	229	9.6	10	200	10
Memphis, Tenn	16	516	6.2	16	489	6.5	16	460	7
Nashville, Tenn	17	559	6.1	17	532	6	17	503	6.8
Chattanooga, Tenn	14	408	7	14	381	7.3	15	352	8.5
Birmingham, Ala	10	265	7.5	10	238	8.4	10	209	9.6

[a] Affected by direct all-water competition.

EXHIBIT No. 9 to testimony of L. Green.

Comparison of rates on yellow pine lumber from south Mississippi points, with rates on hemlock, spruce, and white pine from northern points.

Miles.	Rate per 100 lbs.	From—	To—
469	14 (previous) 16 (present)	Lumberton, Miss	Cairo, Ill.
334	16 "	Charlevoix, Mich	Ft. Wayne, Ind.
410	18 "	Ludington, Mich	Peoria, Ill.
414	16.5 "	Ludington, Mich	Terre Haute, Ind.
425	16 "	Ludington, Mich	Cincinnati, O.
431	16 "	Prentice, Wis	South Bend, Ind.
443	19 "	Saginaw, Mich	Springfield, Ill.
445	18 "	Charlevoix, Mich	Columbus, O.
450	17 "	Abbotsford, Wis	Ft. Wayne, Ind.
466	19 "	Ludington, Mich	Louisville, Ky.
468	17.5 "	Abbotsford, Wis	Des Moines, Iowa.
624	18 (previous) 20 (present)	Lumberton, Miss	St. Louis, Mo.
582	19.5 "	Ashland, Wis	Ft. Wayne, Ind.
590	19.5 "	Ashland, Wis	Des Moines, Iowa.
590	21.5 "	Charlevoix, Mich	Springfield, Ill.
593	22 "	Abbotsford, Wis	Louisville, Ky.
594	21 "	Abbotsford, Wis	Cincinnati, O.
612	21 "	Abbotsford, Wis	Cairo, Ill.
627	20.5 "	Ludington, Mich	Cairo, Ill.
674	23 (previous) 25 (present)	Lumberton, Miss	Decatur, Ill.
675	21.8 (previous) 23.8 (present)	Lumberton, Miss	Litchfield, Ill.
694	22 (previous) 24 (present)	Lumberton, Miss	Olney, Ill.
644	28.5 "	Saginaw, Mich	Des Moines, Iowa.
—0	28.5 "	Leota, Mich	Des Moines, Iowa.
725	19 (previous) 21 (present)	Lumberton, Miss	Louisville, Ky.
743	21 (previous) 23 (present)	Lumberton, Miss	Cincinnati, O.
706	23.5 "	Marengo, Wis	Louisville, Ky.
707	22.5 "	Marengo, Wis	Cincinnati, O.
710	21.5 "	Charlevoix, Mich	Cairo, Ill.
722	31 "	Charlevoix, Mich	Des Moines, Iowa.
725	24.5 "	Ashland, Wis	Louisville, Ky.
726	23.5 "	Ashland, Wis	Cincinnati, O.
729	22.5 "	Marengo, Wis	Columbus, O.
731	23 "	Marengo, Wis	Cairo, Ill.
744	24 "	Ashland, Wis	Cairo, Ill.
748	23.5 "	Ashland, Wis	Columbus, O.

EXHIBIT No. 10 to testimony of L. Green.

Comparison of rates on yellow pine lumber from south Mississippi points with rates on lumber from other sections of the United States.

Distance.	From—	To—	Rate.
367	Stapleton, Va	Sciotoville, O	16
372	Hot Springs, N. C	Cincinnati, O	16
411	Black Mountain, N. C	Louisville, Ky	18
413	Laurel, Miss	Cairo, Ill	16
424	Rochester, N. Y	Detroit, Mich	16
426	Black Mountain, N. C	Cincinnati, O	18
442	Hattiesburg, Miss	Cairo, Ill	16
469	Lumberton, Miss	Cairo, Ill	16
474	Whittier, N. C	Cincinnati, O	20
478	Hickory, N. C	Louisville, Ky	22
493	Hickory, N. C	Cincinnati, O	22
551	Hattiesburg, Miss	Mt. Vernon, Ill	20
564	Laurel, Miss	Evansville, Ind	22
567	Hot Springs, N. C	Parkersburg, W. Va	27½
572	Laurel, Miss	Vincennes, Ind	22
577	Winston-Salem, N. C	Pittsburg, Pa	23½
578	Lumberton, Miss	Mt. Vernon, Ill	20
585	Winston-Salem, N. C	Homestead, Pa	23½
593	Hattiesburg, Miss	Evansville, Ind	22
602	Laurel, Miss	Louisville, Ky	21
606	Greensboro, N. C	Pittsburg, Pa	22½

Comparison of rates on yellow pine lumber from south Mississippi points with rates on lumber from other sections of the United States—Continued.

Distance.	From—	To—	Rate.
619	Goldsboro, N.C.	East Liverpool, O.	23
620	Lumberton, Miss.	Evansville, Ind.	22
620	Winston-Salem, N.C.	East Liverpool, O.	23½
623	Lumberton, Miss.	St. Louis, Mo.	20
625	Hot Springs, N.C.	Bellaire, O.	27½
626	Goldsboro, N.C.	East Palestine, O.	24
628	Lumberton, Miss.	Vincennes, Ind.	22
631	Hattiesburg, Miss.	Louisville, Ky.	21
633	Goldsboro, N.C.	Empire, O.	23
636	Omaha, Neb.	Casper, Wyo.	44
638	Chamberlain, S. D.	Milwaukee, Wis.	27
648	Hot Springs, N.C.	Brilliant, O.	27½
658	Hattiesburg, Miss.	Terre Haute, Ind.	24
658	Lumberton, Miss.	Louisville, Ky.	21
658	Hot Springs, N.C.	Kensington, O.	29½
662	Laurel, Miss.	Bloomington, Ill.	26
664	Hot Springs, N.C.	Niles, O.	30½
665	Hickory, N.C.	Allegheny, Pa.	27
668	Spokane, Wash.	Glasgow, Mont.	38
668	Hot Springs, N.C.	Girard, O.	30½
674	Lumberton, Miss.	Decatur, Ill.	25
678	High Point, N.C.	Lowellville, O.	26½
679	Black Mountain, N.C.	Bellaire, O.	27
682	Portland, Ore.	Sacramento, Cal.	25
	(Direct all-water competition between Portland and Sacramento.)		
684	High Point, N.C.	Leetonia, O.	26½
685	Lumberton, Miss.	Terre Haute, Ind.	24
687	Laurel, Miss.	Cincinnati, O.	23
693	Hot Springs, N.C.	Homestead, Pa.	27½
693	Council Bluffs, Ia.	Rawlings, Wyo.	41½
705	Black Mountain, N.C.	Toronto, O.	29
706	Everett, Wash.	Cut Bank, Mont.	35
715	Hickory, N.C.	Yellow Creek, O.	29
715	Denver, Colo.	Bowie, Tex.	46
716	Hattiesburg, Miss.	Cincinnati, O.	23
718	Hickory, N.C.	New Waterford, O.	30
718	Lumberton, Miss.	Bloomington, Ill.	25
720	Hattiesburg, Miss.	Minonk, Ill.	26
720	Black Mountain, N.C.	Youngstown, O.	30
724	Hattiesburg, Miss.	Peoria, Ill.	25
729	Everett, Wash.	Shelby Jct., Mont.	35
742	Hickory, N.C.	Beloit, O.	30
743	Lenoir, N.C.	Columbiana, O.	30
746	Laurel, Miss.	Dayton, O.	27½
746	Whittier, N.C.	Sebring, O.	30½
747	Lumberton, Miss.	Minonk, Ill.	26
750	Whittier, N.C.	Brilliant, O.	27½
750	Seattle, Wash.	Shelby Jct., Mont.	35
751	Lumberton, Miss.	Peoria, Ill.	25
753	Whittier, N.C.	Toronto, O.	29½
759	Denver, Colo.	Alvord, Tex.	46
762	Lenoir, N.C.	Beloit, O.	30
764	Lenoir, N.C.	Warren, O.	30
763	Lenoir, N.C.	Sebring, O.	30
765	Laurel, Miss.	Dixon, Ill.	26
767	Lenoir, N.C.	Tiltonville, O.	29
769	Whittier, N.C.	East Liverpool, O.	29½
774	Chicago, Ill.	Pierre, S. D.	30
775	Hattiesburg, Miss.	Dayton, O.	27½
775	Whittier, N.C.	East Palestine, O.	30½
778	Laurel, Miss.	Chicago, Ill.	26
782	Tacoma, Wash.	Helena, Mont.	50
784	Whittier, N.C.	Lowellville, O.	30½
786	Everett, Wash.	Austin, Mont.	35
787	Hattiesburg, Miss.	Kansas City, Mo.	23
796	Hattiesburg, Miss.	Springfield, O.	29
801	Laurel, Miss.	Freeport, Ill.	26
805	Hattiesburg, Miss.	Joliet, Ill.	26
807	Hattiesburg, Miss.	Chicago, Ill.	26
810	Denver, Colo.	Fort Worth, Tex.	46
818	Hot Springs, N.C.	Buffalo, N. Y.	30½
821	Lenoir, N.C.	Conneaut, O.	30
821	Lumberton, Miss.	Dixon, Ill.	26
823	Lumberton, Miss.	Springfield, O.	29
827	Hattiesburg, Miss.	Michigan City, Ind.	26
827	Lumberton, Miss.	Joliet, Ill.	26
827	Tacoma, Wash.	Sacramento, Cal.	35
829	Laurel, Miss.	Kansas City, Mo.	23
830	Hattiesburg, Miss.	Freeport, Ill.	26
834	Lumberton, Miss.	Chicago, Ill.	26

Comparison of rates on yellow pine lumber from south Mississippi points with rates on lumber from other sections of the United States—Continued.

Distance.	From—	To—	Rate.
834	Hattiesburg, Miss	Atchison, Kan	23
836	Hattiesburg, Miss	Columbus, O	29
836	Charlevoix, Mich	Chillicothe, O	30
837	Portland, Ore	Reno, Nev	40
840	Laurel, Miss	Newark, O	30
849	Hattiesburg, Miss	Lima, O	30
852	Laurel, Miss	Galena, O	29
854	Seattle, Wash	Havre, Mont	35
857	Lumberton, Miss	Michigan City, Ind	26
857	Council Bluffs, Ia	Granger, Wyo	51½
863	Laurel, Miss	Madison, Wis	29
863	Lumberton, Miss	Columbus, O	29
868	Seattle, Wash	Sacramento, Cal	38
870	Laurel, Miss	Galion, O	30
872	Black Mountain, N. C	Buffalo, N. Y	30
875	Lumberton, Miss	Lima, O	30
876	Laurel, Miss	Atchison, Kan	23
879	Charlevoix, Mich	Council Bluffs, Ia	33
881	Hattiesburg, Miss	Galena, Ill	29
881	Charlevoix, Mich	Kansas City, Mo	29½
882	Charlevoix, Mich	Omaha, Neb	30
892	Lumberton, Miss	Delaware, O	29
899	Hattiesburg, Miss	Dubuque, Ia	29
904	Hattiesburg, Miss	Coshocton, O	31
905	Tacoma, Wash	Livingston, Mont	50
908	Lumberton, Miss	Galena, Ill	29
919	Lumberton, Miss	Madison, Wis	29
926	Portland, Ore	Helena, Mont	50
926	Lumberton, Miss	Galion, O	30
931	Lumberton, Miss	Coshocton, O	31
945	Portland, Ore	Granger, Wyo	40
950	Laurel, Miss	Cleveland, O	31
957	Laurel, Miss	Steubenville, O	33
964	Spokane, Wash	Gladstone, N. D	40
979	Hattiesburg, Miss	Cleveland, O	31
982	Tacoma, Wash	Reno, Nev	50
984	Hattiesburg, Miss	Detroit, Mich	30
986	Hattiesburg, Miss	Steubenville, O	33
992	Hattiesburg, Miss	Omaha, Neb	29½
1,006	Lumberton, Miss	Cleveland, O	31
1,007	Livingston, Mont	St. Paul, Minn	55
1,007	Seattle, Wash	Glasgow, Mont	46
1,007	Charlevoix, Mich	Sioux City, Ia	35
1,011	Lumberton, Miss	Detroit, Mich	30
1,013	Lumberton, Miss	Steubenville, O	33
1,022	Laurel, Miss	Toledo, O	30
1,023	Seattle, Wash	Reno, Nev	53
1,034	Laurel, Miss	Omaha, Neb	29½
1,049	Portland, Ore	Livingston, Mont	50
1,068	Spokane, Wash	Bismarck, N. D	50
1,078	Lumberton, Miss	Toledo, O	30
1,089	Tacoma, Wash	Granger, Wyo	50
1,095	Lumberton, Miss	Omaha, Neb	29½
1,097	Seattle, Wash	Salt Lake City, U	50
1,112	Spokane, Wash	Steele, N. D	Fir 40 50
1,115	St. Paul, Minn	Blackfoot, Mont	63
1,120	Spokane, Wash	Dawson, N. D	Fir 40 50
1,126	Laurel, Miss	St. Paul, Minn	33
1,130	Seattle, Wash	Granger, Wyo	Fir 40 50
1,146	Portland, Ore	Laurel, Mont	Fir 40 46
1,173	Seattle, Wash	Williston, N. D	Fir 40 50
1,182	Lumberton, Miss	St. Paul, Minn	33
1,208	Spokane, Wash	Everest, N. D	40
1,236	Spokane, Wash	Wheatland, N. D	40
1,278	Laurel, Miss	Duluth, Minn	35
1,307	Hattiesburg, Miss	Duluth, Minn	35
1,336	Lumberton, Miss	Duluth, Minn	35

EXHIBIT No. 11 to testimony of L. Green.

Comparative statement of rates on fir lumber from Pacific coast points, and existing rates on pine lumber from south Mississippi points to representative points on Ohio River and beyond.

To—	Fir lumber from Tacoma, Portland, and Seattle.	Pine lumber from south Mississippi points.
Chicago, Ill.	50	26
Des Moines, Ia.	50	27.5
Peoria, Ill.	50	25
Springfield, Ill.	55	25
South Bend, Ind.	56	28
Cedar Rapids, Ia.	50	30
Pekin, Ill.	55	25
Decatur, Ill.	56	25
Evansville, Ind.	57.5	22
Pittsburg, Pa.	62.5	33

EXHIBIT No. 12 to testimony of L. Green.

Chicago market, long-leaf yellow pine lumber, in dollars and cents, per thousand feet.

[A represents 1sts and 2nds flooring. B represents common flooring. C represents dimension stuff and timbers, under 12" x 12" and under 30' in length.]

		1898.	1899.	1900.
First quarter	A	$14.00	$15.00 to 15.50	$21.25 to 22.25
	B	12.00	12.50 to 13.00	18.25 to 18.75
	C	18.00	14.00 to 17.00	18.75 to 21.25
Second quarter	A	14.00 to 14.50	16.50 to 17.00	20.25 to 21.25
	B	12.00 to 14.00	14.00 to 14.50	17.25 to 17.75
	C	17.00 to 18.00	18.00 to 19.00	18.75 to 21.25
Third quarter	A	14.00	19.00 to 20.00	18.00 to 19.00
	B	12.00	16.50 to 17.00	15.00 to 15.50
	C	17.00 to 18.00	16.00 to 18.50	17.00 to 19.50
Fourth quarter	A	15.00 to 16.00	20.75 to 21.75	19.00 to 20.00
	B	12.50 to 13.00	17.75 to 18.25	16.50 to 17.00
	C	16.00 to 17.00	18.25 to 20.75	17.00 to 20.00

		1901.	1902.	1903.
First quarter	A	$19.00 to 20.00	$22.50 to 23.50	$21.00 to 22.00
	B	16.50 to 17.00	18.50 to 19.50	18.50 to 19.50
	C	18.50 to 21.00	19.50 to 22.00	19.50 to 22.00
Second quarter	A	19.50 to 20.50	22.50 to 23.50	21.00 to 22.00
	B	17.00 to 17.50	18.50 to 19.50	18.50 to 19.50
	C	19.00 to 21.50	19.50 to 22.00	19.50 to 22.00
Third quarter	A	20.50 to 21.50	22.50 to 23.50	21.00 to 22.00
	B	17.00 to 17.50	18.50 to 19.50	18.50 to 19.50
	C	19.00 to 21.50	19.50 to 22.00	19.50 to 22.00
Fourth quarter	A	20.50 to 21.50	21.00 to 22.00	.....
	B	17.00 to 17.50	18.50 to 19.50	.....
	C	19.00 to 21.50	19.50 to 22.00	.....
October, 1903	A	21.00 to 22.00	.....	.....
	B	18.50 to 19.50	.....	.....
	C	19.50 to 22.00	.....	.....

Exhibit No. 13 to testimony of L. Green.

Statement showing increases in expenditures of Southern Railway Company in the items of yellow pine lumber, fuel for locomotives, wages of certain employes, steel rail, locomotives, and freight cars for fiscal years ending June 30th, 1898, to 1903, inclusive.

I. LUMBER (YELLOW PINE).

Year ended June 30—	No. feet purchased.	Amount paid for same.	Percentage increase in cost.	Increase gross earnings each year over preceding year.	Percentage increase.
1898	19,077,510	$202,216			
1899	23,902,810	235,195	16.3	$4,257,847.32	20.18
1900	33,382,100	432,964	84	5,847,183.82	23.06
1901	42,961,900	493,192	13.9	3,459,612.29	11.09
1902	43,500,000	553,320	12.1	5,051,765.98	8.89
1903	35,258,097	473,516	Dec.	4,641,811.60	12.31

For the fiscal ending June 30th, 1903, there was a decrease in the amount of lumber purchased and the amount paid therefor, but there was an increase in the average price per thousand feet of 71 cents, or 5.88 per cent; and had the same number of feet been purchased during the fiscal year ending June 30th, 1903, as for the preceding year, the increased cost to the Southern Railway would have been $30,885.00, or 5.6 per cent. On the amount actually purchased during the fiscal year ending June 30th, 1903, the increase in price of 71 cents per thousand feet caused an increased cost to the Southern Railway for that year of $25,033.25.

The average price paid for yellow pine lumber for the fiscal year ending June 30th, 1899, was $9.84 per thousand feet, and for the fiscal year ending June 30th, 1903, it was $13.43 per thousand feet, an increase of $3.59 per thousand feet, or 36.5 per cent, and based on this increase in price the Southern Railway paid during the fiscal year ending June 30th, 1903, $128,576.57 more than it would have paid for the same amount of lumber purchased at the average price paid during the fiscal year ending June 30th, 1899.

This increase in price has been paid for lumber of the same character and quality.

II. WAGES PAID ENGINEERS, FIREMEN, ROUNDHOUSE MEN, CONDUCTORS, TRAIN MEN, SWITCHMEN, AND YARD MEN FOR FISCAL YEARS 1898 TO 1903, INCLUSIVE.

Year ended June 30—	Total wages.	Increase.	Percentage increase each year over preceding year.
1898	$2,579,098.84		
1899	3,023,949.71	$444,850.87	17.25
1900	3,671,965.03	648,015.32	21.43
1901	3,911,587.45	239,622.42	6.53
1902	4,477,422.28	565,833.83	14.47
1903	5,371,668.65	894,247.33	19.97

These increases are not due alone to the increased number of employes, but largely to the increased wages paid.

The percentage increase in gross earnings for year ended June 30th, 1902, was only 8.80 per cent, as compared with increase of 14.47 per cent in wages of employes named.

The percentage increase in gross earnings for the year ended June 30th, 1903, was only 12.31 per cent, as compared with 19.97 per cent increase in wages of employes named.

III. FUEL FOR LOCOMOTIVES.

The increased cost to Southern Railway Company of fuel for locomotives is shown in the following table:

Year ended June 30—	Total cost.	Increase.	Percentage increase.	Percentage increase gross earnings.
1898	$961,879.34			
1899	1,138,626.99	$176,747.65	18.38	20.18
1900	1,749,574.50	610,947.51	53.66	23.06
1901	2,105,335.44	351,760.94	20.11	11.09
1902	2,428,307.02	326,971.58	15.56	8.80
1903	3,161,873.90	733,566.88	30.21	12.31

The price of coal has advanced approximately 50 per cent, and the increased cost shown is largely due to this increased price.

IV. STEEL RAIL.

The average price paid by Southern Railway Company for new steel rail during the fiscal year ended June 30th, 1898, was $17.75 per ton. The average price paid since June 30th, 1901, and at this time is $28.00 per ton, an increase of $10.25 per ton, or 57.75 per cent.

V. LOCOMOTIVES.

The average price paid by Southern Railway Company for new locomotives for the years named was as follows:

Year ending June 30—	Average price.	Increase.	Per cent of increase.
1898	$11,392.00		
1902	14,407.00	$3,015.00	26.50
1903	16,096.88	1,689.88	11.73

The increase in average price paid in 1903 over that paid in 1898 was $4,704.88, or 41.3 per cent.

VI. BOX CARS.

The average price paid by Southern Railway Company for box cars has been as follows:

Year ending June 30—	Average price.	Increase.	Per cent of increase.
1898	None purchased.		
1899	$517.60		
1902	716.33	$198.73	38.40
1903	879.50	163.17	22.78

The increase in average price paid in 1903 over that paid in 1898 was $361.90, or 69.9 per cent.

VII. FLAT CARS.

Year ending June 30—	Average price.	Increase.	Per cent of increase.
1898	$340.00		
1902	570.44	$230.44	67.8
1903	None purchased.		

VIII. COAL AND GONDOLA CARS.

Year ending June 30	Average price.	Increase.	Per cent of increase.
1898	$368.00		
1902	775.60	$307.60	83.60
1903	814.46	38.86	5.01

The increase in average price paid in 1903 over that paid in 1898 was $446.46, or 121.8 per cent.

The increased cost of locomotives and cars has not been occasioned altogether by increased size, power, or capacity, but largely by the increased prices of labor and materials, resulting in an increased cost per unit of power and capacity.

EXHIBIT No. 14 to testimony of L. Green.

Statement showing the average earnings and expenses, interest and rental, and other deductions per mile of road for Southern Railway Company for the fiscal years ending June 30th, 1898, to 1903, inclusive.

Year ended June 30.	Gross earnings.	Operating expenses and taxes.	Earnings less operating expenses and taxes.	Interest, rentals, and other deductions.	Net balance.
1898	$4,370.18	$3,004.19	$1,365.99	$1,229.55	$136.44
1899	4,825.36	3,303.30	1,522.06	1,185.95	336.11
1900	4,947.71	3,461.94	1,485.77	1,073.72	412.05
1901	5,241.97	3,681.67	1,560.30	1,100.26	460.04
1902	5,592.29	3,981.08	1,611.21	1,199.51	411.70
1903	5,940.77	4,346.68	1,594.09	1,243.96	350.13

This statement shows that the net income of the company per mile of road was less for the fiscal year ending June 30th, 1903, than for any preceding year since that ending June 30th, 1899.

Exhibit No. 15 to testimony of L. Green.

Statement showing a comparison of gross and net earnings of Southern Railway Company for five years ending June 30, 1903.

Year ended—	Gross earnings.	Net earnings.
June 30, 1899	$25,353,686.07	$7,997,330.70
June 30, 1898	21,095,828.75	6,593,974.31
Increase	4,257,847.32	1,403,356.39
Percentage increase	20.13%	21.28%
June 30, 1900	31,200,869.89	9,340,423.03
June 30, 1899	25,353,686.07	7,997,330.70
Increase	5,847,183.82	1,342,092.33
Percentage increase	23.06%	17.16%
June 30, 1901	34,660,492.18	10,316,857.69
June 30, 1900	31,200,869.89	9,340,423.03
Increase	3,459,612.29	947,434.66
Percentage increase	11.09%	11.12%
June 30, 1902	37,712,248.16	10,865,411.23
June 30, 1901	34,660,492.18	10,316,857.69
Increase	3,051,795.98	548,554.14
Percentage increase	8.80%	5.32%
June 30, 1903	42,354,059.76	11,364,979.98
June 30, 1902	37,712,248.16	10,865,411.23
Increase	4,641,811.60	499,568.65
Percentage increase	12.31%	4.60%

Income account.

	1901.	1902.	1903.
Net from operation	$10,316,857	$10,865,411	$11,364,980
From other sources	498,706	824,509	1,211,201
	10,815,563	11,689,920	12,576,181
Interest and rentals	7,181,286	7,833,614	8,446,041
Other deductions	93,767	255,499	287,663
Improvements and betterments			135,000
	7,275,053	8,089,033	8,868,704
Balance net income	3,540,500	3,600,887	3,707,477
Dividend earned:			
Preferred stock	5.00%	5.00%	5.00%
Common stock	.49%	.50%	.50%

PERMANENT IMPROVEMENTS.

Grade revision July 1, 1900, to June 30, 1903.

Charged to expenses	$877,744
Average per year	292,581
Charged to capital account	910,748
Average per year	303,582

Double tracking.

Cost to June 30, 1903, charged to construction	398,396

Total permanent improvements charged to construction.

Year ended June 30, 1901	514,824
Year ended June 30, 1902	838,562
Year ended June 30, 1903	2,308,781

New and additional equipment charged to capital.

Year ended June 30, 1901		$617,983
Year ended June 30, 1902		414,182
Year ended June 30, 1903		1,326,103
M. & O. stock trust certificates:		
1901 paid		24,484.50
1902 paid		111,162.00
1903 paid	$160,309	
Received	98,652	
		61,657.00
		197,303.50
Monon bonds, interest paid:		
1903, paid	233,036.24	
Received	197,857.75	
		35,178.49

	Years ended June 30—		
	1901.	1902.	1903.
Average miles operated	6,612.11	6,743.61	7,129.39
Gross earnings	$34,660,462	$37,712,248	$42,354,059
Average gross earnings per mile operated	$5,241.97	$5,592.39	$5,940.77
Increase 1902 over 1901			6.68%
Increase 1903 over 1902			6.25%
Increase 1903 over 1901			13.33%
Freight revenue	$23,617,432	$24,942,400	$28,081,054
Average per mile of road	$3,571.85	$3,698.68	$3,938.77
Increase 1902 over 1901			3.55%
Increase 1903 over 1902			6.49%
Increase 1903 over 1901			10.27%
Cost of operation:			
Roadway	$5,686,092	$5,767,150	$5,723,907
Equipment	$5,038,173	$5,652,910	$6,916,823
Transportation	$11,414,736	$12,940,073	$15,739,973
General expenses and taxes	$2,205,624	$2,486,694	$2,578,347
Total	$24,343,625	$26,846,826	$30,989,140
Cost per mile of road	$3,681.67	$3,981.08	$4,346.66
Increase 1902 over 1901			8.14%
Increase 1903 over 1902			9.15%
Increase 1903 over 1901			18.02%
Net earnings per mile of road	$1,560.30	$1,611.31	$1,593.50
Increase 1902 over 1901			3.26%
Decrease 1903 over 1902			0.97%
Increase 1903 over 1901			2.15%
Cost to earn $1.00	70.23¢	71.19¢	73.17¢
Increase 1902 over 1901			1.37%
Increase 1903 over 1902			2.78%
Increase 1903 over 1901			4.18%
Cost of transportation for $1.00 earned	32.93¢	34.31¢	37.21¢
Increase 1902 over 1901			4.19%
Increase 1903 over 1902			8.45%
Increase 1903 over 1901			13.00%

Cost to maintain and operate per mile of road.

	1901.	1902.	1903.
Roadway	$859.95	$855.20	$804.27
Equipment	761.96	838.26	970.18
Transportation	1,726.34	1,918.88	2,210.56
General expenses and taxes	333.42	368.74	361.65
	3,681.67	3,981.08	4,346.66

General average maintenance of way expenses per mile of road as reported by the Interstate Commerce Commission, groups four (4) and five (5).

Year ended June 30, 1901	$884.30
Year ended June 30, 1902	904.20

Average gross receipts per ton per mile from freight traffic So. Ry.

Year ended June 30, 1901	.947
1902	.931
1903	.930

Lumber traffic, Southern Railway.

	Tons.	Revenue.	Av. rev. per ton.
1902	2,506,453	$2,701,354.43	$1.1017
1903	2,983,591	3,284,636.10	1.1012
Increase	477,138	$523,281.67	.....
Per cent	19.03	18.95	.....

	Tonnage.	Revenue.
Per cent of total 1902	14.91	11.04
1903	15.54	11.70

Statement of Southern Ry. showing net profits after deducting from net income the following charges, interest on bond and loan rentals.

	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.
Net income	5,819,397	6,133,176	6,942,352	8,325,800	9,688,228	10,815,563	11,689,920	12,576,181
Fixed charges	5,218,370	5,612,234	5,862,768	6,207,253	6,755,441	7,181,296	7,833,613	8,446,040
	600,937	520,942	1,079,584	2,118,547	2,753,787	3,634,267	3,856,307	4,130,141

EXHIBITS FILED BY L. A. JONES.

EXHIBIT No. 1—Mr. L. A. Jones.

NEW ORLEANS & NORTHEASTERN RAILROAD COMPANY.

Statement of wages paid by the New Orleans & Northeastern R. R. Company for the years 1899 to 1903, both inclusive.

Year.	Amount.	Percentage of increase over 1899.
1899	$648,883	.....
1900	711,588	9.66%
1901	767,070	18.21%
1902	819,093	26.23%
1903	904,989	39.47%

The rate of pay of engineers and firemen was increased on December 1st, 1898, 5%; November 1st, 1901, 5%; March 1st, 1903, 5%.

Wages of trainmen were increased December 1st, 1898, 5%; November 1st, 1901, 5%, and November 1st, 1902, 5%.

Wages of switchmen were increased December 1st, 1898, 5%; November 1st, 1902, 5%, and September, 1903, 6%.

Wages of shopmen were increased July 1st, 1901, 5%; August 1st, 1902, 3%, and September, 1903, 7%.

Wages of trackmen were increased November 1st, 1901, 11%.

Station labor at New Orleans was increased November 1st, 1902, 7%, and November 1st, 1903, 9%.

In addition to the general increases on classified men, increases have been given at individual localities, and agents and operators, hostlers and wipers, car cleaners, and all other employes have been increased from time to time.

EXHIBIT No. 2—Mr. L. A. Jones.

(P. 901.)

NEW ORLEANS & NORTHEASTERN R. R. COMPANY.

Statement of cost of lumber to the New Orleans & Northeastern R. R. Company for the months of March, 1898 to 1902, inclusive, and March and November, 1903; and the average price per thousand feet of pine lumber used in the roadway department, embracing all kinds and sizes of pine lumber, for the years 1899 to 1903, inclusive.

	March, 1898.	March, 1899.	March, 1900.	March, 1901.	March, 1902.	March & Nov., 1903.
stringers, 8x16x30	$10.50	$10.50	$12.50	$12.50	$15.00	$15.00
Guide rails, 5x8x20, S. 1 S	9.00	9.50	10.50	10.00	11.00	12.00
Bridge ties, 6x8x9	9.50	9.50	10.50	10.00	11.50	11.50

While the above prices are on specific classes of material, the average price per thousand feet of yellow pine lumber used in the roadway department, embracing all kinds and sizes of pine lumber, has been as follows:

Year.	Amount.	Inc. percentage over 1899.
1899	$9.25	
1900	10.21	10.38%
1901	10.01	8.22%
1902	10.11	9.30%
1903	11.79	27.46%

EXHIBIT No. 3—L. A. Jones.

NEW ORLEANS & NORTHEASTERN R. R. COMPANY.

Statement of cost per ton for fuel for the years 1899 to 1903, inclusive.

Year.	Amount.	Inc. percentage over 1899.
1899	$1.37	
1900	1.63	18.98%
1901	1.78	29.93%
1902	1.76	28.47%
1903	1.96	43.07%

EXHIBIT No. 4.—L. A. Jones.

NEW ORLEANS & NORTH-EASTERN R. R. COMPANY.

Statement of cost per ton of steel rails delivered for the years 1899 to 1903, inclusive.

Year.	Amount.	Inc. percentage over 1899.
1899	$20.75	
1900	20.53	1.06% (decrease).
1901	31.12	49.98%
1902	29.97	44.43%
1903	31.82	53.35%

Exhibit No. 5.—L. A. Jones.

NEW ORLEANS & NORTH-EASTERN R. R. COMPANY.

Statement of cost of locomotives purchased during the years 1900, 1901, 1902, and 1903.

Year.	Amount.	Inc. percentage over 1900.
1900	$9,420	
1901	9,500	0.85%
1902	10,000	6.16%
1903	10,400	10.40%

Exhibit No. 6.—L. A. Jones.

NEW ORLEANS & NORTH-EASTERN R. R. COMPANY.

Statement of cost of 60 M capacity box, flat, and coal cars built during the years 1899, 1900, 1901, 1902, and 1903.

60 M CAPACITY BOX.

Year.	Amount.	Inc. percentage over 1899.
1899	$485.00	
1900	571.00	17.73%
1901	615.00	26.80%
1902	612.00	26.19%
1903	630.00	29.90%

60 M CAPACITY FLAT.

1899	$354.00	
1900	507.00	43.22%
1901	537.00	51.69%
1902	497.00	40.40%
1903	518.00	46.33%

60 M CAPACITY COAL.

1899	$369.00	
1900		
1901	536.00	45.26%
1902	528.00	43.09%
1903	557.00	50.90%

Exhibit No. 7.—L. A. Jones.

ALABAMA AND VICKSBURG RAILWAY COMPANY.

Statement of wages paid by the Alabama and Vicksburg Railway Company for the years 1899 to 1903, both inclusive.

Year.	Amount.	Percentage of increase over 1899.
1899	$237,226	
1900	245,063	3.30%
1901	278,380	17.35%
1902	315,883	33.16%
1903	366,159	54.39%

The rate of pay of engineers and firemen was increased on December 1st, 1898, 5%; November 1st, 1901, 5%; March 1st, 1903, 5%.

Wages of trainmen were increased December 1st, 1898, 5%; November 1st, 1901, 5%; and November 1st, 1902, 5%.

Wages of switchmen were increased December 1st, 1898, 5%; November 1st, 1902, 5%; and September, 1903, 6%.

Wages of trackmen were increased November 1st, 1901, 11%.

In addition to the general increases on classified men, increases have been given at individual localities, and agents and operators, hostlers and wipers, car cleaners, and all other employes have been increased from time to time.

EXHIBIT No. 8.—L. A. Jones.

ALABAMA AND VICKSBURG RAILWAY CO.

Statement of cost of lumber to the Alabama and Vicksburg Railway Company for the months of March, 1898 to 1902, inclusive, and March and November, 1903, and the average price per thousand feet of pine lumber used in the roadway department, embracing all kinds and sizes of pine lumber, for the years 1899 to 1903, inclusive.

	March, 1898.	March, 1899.	March, 1900.	March, 1901.	March, 1902.	March & Nov., 1903.
Stringers, 8 x 16 x 30	$10.50	$10.50	$12.50	$12.50	$15.00	$15.00
Guide rails, 5 x 8 x 20, S. 1 S	9.00	9.50	10.50	10.00	11.00	12.00
Bridge ties, 6 x 8 x 9	9.50	9.50	10.50	10.00	11.50	11.50

While the above prices are on specific classes of material, the average price per thousand feet of yellow pine lumber used in the roadway department, embracing all kinds and sizes of pine lumber, has been as follows:

Year.	Amount.	Inc. percentage over 1899.
1899	$10.17	
1900	11.58	13.86%
1901	11.51	13.18%
1902	10.55	3.74%
1903	13.38	31.56%

EXHIBIT No. 9.—L. A. Jones.

ALABAMA AND VICKSBURG RAILWAY COMPANY.

Statement of cost per ton for fuel for the years 1899 to 1903, inclusive.

Year.	Amount.	Inc. percentage over 1899.
1899	$1.41	
1900	1.63	15.60%
1901	1.78	26.24%
1902	1.75	24.11%
1903	1.90	34.75%

EXHIBIT No. 10.—L. A. Jones.

ALABAMA AND VICKSBURG RAILWAY COMPANY.

Statement of cost per ton of steel rails delivered for the years 1899 to 1903, inclusive.

Year.	Amount.	Inc. percentage over 1899.
1899	$20.64	
1900	20.55	0.44% (decrease)
1901	20.53	0.53 (decrease)
1902	29.55	43.07%
1903	32.56	57.75%

EXHIBIT No. 11.—L. A. Jones.

ALABAMA AND VICKSBURG RAILWAY CO.

Statement of cost of locomotives purchased during the years 1901, 1902, and 1903.

Year.	Amount.	Inc. percentage over 1899.
1901	$9,750	
1902	10,000	2.56%
1903	10,400	6.67%

EXHIBIT No. 12.—L. A. Jones.

ALABAMA AND VICKSBURG RAILWAY COMPANY.

Statement of cost of 60 M. capacity box and flat cars purchased during the years 1899 to 1903, inclusive.

60 M. CAPACITY BOX.

Year.	Amount.	Inc. percentage over 1899.
1899	$430.00	
1900	588.00	36.74%
1901	613.00	42.56%
1902	612.00	42.33%
1903	726.00	68.84%

60 M. CAPACITY FLAT CARS.

1900	$480.00	
1901	537.00	11.88%
1903	567.00	18.13%

Exhibit filed by L. A. Jones.

(Filed Dec. 28, 1903; docket No. 707.)

NEW ORLEANS & NORTH-EASTERN RAILROAD COMPANY.

Financial statement for the period July 1st, 1889, to June 30th, 1903.

(1) STATEMENT OF GROSS EARNINGS.

Year.	Amount.
1889–1890	$1,219,132.86
1890–1891	1,134,303.58
1891–1892	1,289,245.72
1892–1893	1,418,567.60
1893–1894	1,290,993.84
1894–1895	1,224,282.04
1895–1896	1,411,437.99
1896–1897	1,309,372.47
1897–1898	1,391,964.73
1898–1899	1,537,593.02
1899–1900	1,849,681.69
1900–1901	1,920,491.13
1901–1902	2,023,503.02
1902–1903	2,273,617.18
	21,294,186.87

(2) STATEMENT OF OPERATING EXPENSES.

1889–1890	$851,853.49
1890–1891	836,514.87
1891–1892	982,902.50
1892–1893	1,155,364.08
1893–1894	1,027,149.14
1894–1895	946,184.35
1895–1896	1,009,656.84
1896–1897	976,912.25
1897–1898	978,588.24
1898–1899	1,098,442.56
1899–1900	1,288,224.32
1900–1901	1,396,373.20
1901–1902	1,431,375.26
1902–1903	1,592,005.04
	15,572,146.14

(3) STATEMENT OF NET INCOME FROM OPERATION.

1889–1890	$367,279.37
1890–1891	297,788.71
1891–1892	306,343.22
1892–1893	262,603.52
1893–1894	263,844.70
1894–1895	278,097.69
1895–1896	401,781.15
1896–1897	332,460.22
1897–1898	413,376.49
1898–1899	439,150.46
1899–1900	561,457.37
1900–1901	524,117.93
1901–1902	592,127.76
1902–1903	681,612.14
	5,722,040.73

Financial statement for the period July 1st, 1889, to June 30th, 1903—Continued.

(3½) STATEMENT OF INCOME FROM OTHER SOURCES.

Year.	Amount.
1889–1890	
1890–1891	$4,047.42
1891–1892	6,465.15
1892–1893	3,404.21
1893–1894	2,829.35
1894–1895	361.94
1895–1896	1,015.42
1896–1897	1,115.40
1897–1898	1,235.99
1898–1899	1,864.69
1899–1900	2,217.77
1900–1901	3,401.95
1901–1902	5,803.54
1902–1903	3,459.69
	11,461.08
	48,743.60

(4) STATEMENT OF NET INCOME FROM ALL SOURCES.

1889–1890	
1890–1891	$371,326.79
1891–1892	304,253.86
1892–1893	309,747.43
1893–1894	265,432.87
1894–1895	264,206.64
1895–1896	279,113.11
1896–1897	402,896.55
1897–1898	333,696.21
1898–1899	415,241.18
1899–1900	441,368.23
1900–1901	564,859.32
1901–1902	529,981.47
1902–1903	595,587.45
	693,073.22
	5,770,784.33

(5) STATEMENT OF INTEREST ON FUNDED DEBT.

1889–1890	
1890–1891	$360,000.00
1891–1892	365,400.00
1892–1893	367,200.00
1893–1894	369,700.00
1894–1895	376,404.79
1895–1896	381,145.94
1896–1897	380,010.27
1897–1898	379,232.67
1898–1899	379,200.00
1899–1900	379,200.00
1900–1901	379,200.00
1901–1902	379,200.00
1902–1903	346,387.50
	387,899.38
	5,230,180.55

(6) STATEMENT OF RENTAL OF LEASED LINES.

1889–1890	
1890–1891	Nil.
1891–1892	"
1892–1893	"
1893–1894	"
1894–1895	"
1895–1896	"
1896–1897	"
1897–1898	"
1898–1899	"
1899–1900	"
1900–1901	"
1901–1902	"
1902–1903	"
	"

Financial statement for the period July 1st, 1889, to June 30th, 1903—Continued.

(7) STATEMENT OF TAXES.

Year.	Amount.
1889–1890	$26,474.38
1890–1891	33,247.81
1891–1892	32,900.00
1892–1893	33,600.00
1893–1894	32,400.00
1894–1895	35,928.89
1895–1896	34,000.00
1896–1897	34,000.00
1897–1898	36,000.00
1898–1899	39,559.66
1899–1900	41,842.10
1900–1901	48,234.52
1901–1902	56,155.10
1902–1903	51,364.46
	535,706.92

(8.) STATEMENT OF DIVIDENDS.

Year.	Amount.
1889–1890	Nil.
1890–1891	"
1891–1892	"
1892–1893	"
1893–1894	"
1894–1895	"
1895–1896	"
1896–1897	"
1897–1898	"
1898–1899	"
1899–1900	"
1900–1901	"
1901–1902	"
1902–1903	"
1903–1904	3% $180,000 paid Nov. 2nd, 1903, out of 1903 earnings.

(9.) STATEMENT OF SURPLUS.

(This is net revenue from all sources, less operating expenses, interest on funded debt, rentals, taxes, and dividends.)

Year.	Amount.	
1889–1890	Def.	$15,147.59
1890–1891	"	94,393.95
1891–1892	"	90,352.57
1892–1893	"	137,867.13
1893–1894	"	144,598.15
1894–1895	"	137,961.72
1895–1896	"	11,113.72
1896–1897	"	79,536.46
1897–1898	Sur.	41.18
1898–1899	"	11,176.59
1899–1900	"	139,411.27
1900–1901	"	90,546.95
1901–1902	"	193,044.85
1902–1903	"	253,809.38
	Def.	22,941.07

Financial statement for the period July 1st, 1889, to June 30th, 1903—Continued.

(10.) STATEMENT OF MILES OPERATED.

Year.	N. O. & N. E.
1889–1890	195.9
1890–1891	195.9
1891–1892	195.9
1892–1893	195.9
1893–1894	195.9
1894–1895	195.9
1895–1896	195.9
1896–1897	195.9
1897–1898	195.9
1898–1899	195.9
1899–1900	195.9
1900–1901	195.9
1901–1902	195.9
1902–1903	195.9

(11) STATEMENT OF AMOUNT EXPENDED IN PERMANENT IMPROVEMENTS AND TEMPORARILY CHARGED TO "OPERATING EXPENSES," LESS AMOUNT CREDITED TO "OPERATING EXPENSES," WHEN CAPITALIZED IN 1902.

Year.	Amount.	
1889–1890	$11,380.35	
1890–1891	45,879.38	
1891–1892	59,348.63	
1892–1893	46,841.69	
1893–1894	60,005.89	
1894–1895	92,639.56	
1895–1896	117,022.29	
1896–1897	109,605.66	
1897–1898	116,361.52	
1898–1899	113,561.46	
1899–1900	152,225.38	
1900–1901	126,091.83	
1901–1902	155,065.97	
1901–1902	Cr. 1,239,521.78	(see note).
1902–1903	272,237.81	
Net amount of permanent improvements charged to operating expenses	238,745.64	

NOTE.—During the period to June 30th, 1902, the company expended in betterments, charged to "Operating expenses," the sum of $1,239,521.78, and in betterments charged to "Income account" direct, $27,837.93, permitting the bond interest to fall into arrears thereby to the amount of $1,213,432.20. By the reorganization of 1902 these betterments were capitalized by a bond issue, of which the amount due without interest was paid to the holders of the unpaid coupons, and the amount was credited back to "Net revenue account" (operating expenses) and charged to "Construction account."

(12.) STATEMENT OF AMOUNTS EXPENDED IN PERMANENT IMPROVEMENTS AND BETTERMENTS CHARGED TO CONSTRUCTION ACCOUNT.

Year.	Amount.	
1889–1890	$38,820.37	
1890–1891	74,132.93	
1891–1892	14,999.72	
1892–1893	128,607.53	
1893–1894	39,521.03	
1894–1895	10,874.68	
1895–1896	2,375.79	
1896–1897	Nil.	
1897–1898	"	
1901–1902	2,897,668.10	(see note)
1902–1903	122,845.94	
	3,329,846.09	

NOTE.—This amount includes capitalization of amounts heretofore charged to "Operating expenses" and net revenue account, the total of which was again credited to net revenue account in that year.

Financial statement for the period July 1st, 1889, to June 30th, 1903—Continued.

(12.) STATEMENT OF AMOUNTS EXPENDED IN PERMANENT IMPROVEMENTS AND BETTERMENTS CHARGED TO NET REVENUE ACCOUNT.

Year.	Amount.
1898-1899	$11,431.98
1899-1900	4,405.95
1900-1901	12,000.00
	27,837.93

(13.) STATEMENT OF AMOUNT SET ASIDE OUT OF EARNINGS FOR PERMANENT IMPROVEMENTS BUT NOT YET EXPENDED.

1902-1903	$13,000.00

(14.) STATEMENT OF OVERCHARGES OR OTHER REPAYMENTS MADE TO SHIPPERS.

1889-1890	$10,276.76
1890-1891	10,350.00
1891-1892	9,756.13
1892-1893	14,500.00
1893-1894	21,000.00
1894-1895	30,000.00
1895-1896	37,500.00
1896-1897	22,500.00
1897-1898	17,200.00
1898-1899	13,000.00
1899-1900	18,000.00
1900-1901	36,500.00
1901-1902	36,000.00
1902-1903	36,000.00
	312,582.89

(15.) STATEMENT OF FUNDED DEBT PER MILE OF ROAD.

1889-1890	$30,684.00
1890-1891	31,301.00
1891-1892	31,301.00
1892-1893	31,813.00
1893-1894	32,538.00
1894-1895	32,443.00
1895-1896	32,342.00
1896-1897	32,324.00
1897-1898	32,324.00
1898-1899	32,324.00
1899-1900	32,324.00
1900-1901	32,324.00
1901-1902	40,403.00
1902-1903	42,052.00

(16) STATEMENT OF CAPITAL STOCK PER MILE OF ROAD.

1889-1890	$25,570.00
1890-1891	25,573.00
1891-1892	25,573.00
1892-1893	25,573.00
1893-1894	25,573.00
1894-1895	25,573.00
1895-1896	25,573.00
1896-1897	25,573.00
1897-1898	25,573.00
1898-1899	25,573.00
1899-1900	25,573.00
1900-1901	25,573.00
1901-1902	30,688.00
1902-1903	30,688.00

Financial statement for the period July 1st, 1889, to June 30th, 1903—Continued.

(17) STATEMENT OF TOTAL CAPITALIZATION PER MILE OF ROAD.

Year.	Amount.
1889–1890	$56,254.48
1890–1891	56,873.98
1891–1892	56,873.00
1892–1893	57,385.00
1893–1894	58,111.19
1894–1895	58,015.95
1895–1896	57,914.89
1896–1897	57,896.89
1897–1898	57,896.89
1898–1899	57,897.00
1899–1900	57,897.00
1900–1901	57,897.00
1901–1902	71,091.00
1902–1903	72,739.00

Exhibit filed by L. A. Jones.

(Filed Dec. 28, 1903. Docket No. ——.)

ALABAMA AND VICKSBURG RAILWAY COMPANY.

Financial statement for the period July 1st, 1889, to June 30th, 1903.

(1) STATEMENT OF GROSS EARNINGS.

Year.	Amount.
1889–1890	$676,449.03
1890–1891	648,243.72
1891–1892	692,555.25
1892–1893	587,902.18
1893–1894	565,306.78
1894–1895	554,795.33
1895–1896	574,204.02
1896–1897	636,681.68
1897–1898	681,195.73
1898–1899	695,398.30
1899–1900	809,674.98
1900–1901	917,415.70
1901–1902	1,014,481.80
1902–1903	1,149,039.75
	10,203,344.25

(2) STATEMENT OF OPERATING EXPENSES.

1889–1890	$476,334.38
1890–1891	478,539.04
1891–1892	530,344.15
1892–1893	458,025.10
1893–1894	414,259.33
1894–1895	402,924.01
1895–1896	392,845.68
1896–1897	428,287.96
1897–1898	453,672.24
1898–1899	479,244.24
1899–1900	556,224.15
1900–1901	657,237.92
1901–1902	735,525.37
1902–1903	818,966.33
	7,282,429.90

Financial statement for the period July 1st, 1889, to June 30th, 1903—Continued.

(3) STATEMENT OF NET INCOME FROM OPERATION.

Year.	Amount.
1889–1890	$200,114.65
1890–1891	169,704.68
1891–1892	162,211.10
1892–1893	129,877.08
1893–1894	151,047.45
1894–1895	151,871.32
1895–1896	181,358.34
1896–1897	208,393.72
1897–1898	227,523.49
1898–1899	216,154.06
1899–1900	253,450.83
1900–1901	260,177.78
1901–1902	278,956.43
1902–1903	330,073.42
	2,920,914.35

(3½) STATEMENT OF INCOME FROM OTHER SOURCES.

1889–1890	Nil.
1890–1891	"
1891–1892	$220.20
1892–1893	Nil.
1893–1894	159.24
1894–1895	238.14
1895–1896	Nil.
1896–1897	1,067.64
1897–1898	1,824.67
1898–1899	5,502.93
1899–1900	13,677.05
1900–1901	10,470.53
1901–1902	12,452.33
1902–1903	20,564.18
	66,176.91

(4) STATEMENT OF NET INCOME FROM ALL SOURCES.

1889–1890	$200,114.65
1890–1891	169,704.68
1891–1892	162,431.30
1892–1893	129,877.08
1893–1894	151,206.69
1894–1895	152,109.46
1895–1896	181,358.34
1896–1897	209,461.36
1897–1898	229,348.16
1898–1899	221,656.99
1899–1900	267,127.88
1900–1901	270,648.31
1901–1902	291,408.76
1902–1903	350,637.60
	2,987,091.26

(5) STATEMENT OF INTEREST ON FUNDED DEBT.

1889–1890	$124,653.33
1890–1891	117,215.00
1891–1892	120,702.00
1892–1893	121,909.73
1893–1894	124,260.00
1894–1895	124,260.00
1895–1896	124,097.55
1896–1897	122,450.00
1897–1898	121,561.25
1898–1899	121,265.00
1899–1900	120,886.25
1900–1901	120,111.25
1901–1902	119,415.00
1902–1903	119,415.00
	1,702,201.81

Financial statement for the period July 1st, 1889, to June 30th, 1903—Continued.

(6) STATEMENT OF RENTAL ON LEASED LINES.

Year.	Amount.
1889–1890	Nil.
1890–1891	"
1891–1892	"
1892–1893	"
1893–1894	"
1894–1895	"
1895–1896	"
1896–1897	"
1897–1898	"
1898–1899	"
1899–1900	"
1900–1901	"
1901–1902	"
1902–1903	"

(7) STATEMENT OF TAXES.

1889–1890	$21,400.00
1890–1891	19,800.00
1891–1892	20,400.00
1892–1893	24,043.47
1893–1894	21,000.00
1894–1895	21,000.00
1895–1896	20,400.00
1896–1897	22,000.00
1897–1898	24,000.00
1898–1899	24,726.00
1899–1900	24,889.98
1900–1901	24,837.79
1901–1902	24,674.24
1902–1903	28,500.00
	323,150.48

(8) STATEMENT OF DIVIDENDS.

1889–1890	Nil.
1890–1891	$21,000.00
1891–1892	21,000.00
1892–1893	21,000.00
1893–1894	Nil.
1894–1895	"
1895–1896	"
1896–1897	21,000.00
1897–1898	35,000.00
1898–1899	35,000.00
1899–1900	35,000.00
1900–1901	63,000.00
1901–1902	63,000.00
1902–1903	63,000.00
	378,000.00

Financial statement for the period July 1st, 1889, to June 30th, 1903—Continued.

(9) STATEMENT OF SURPLUS.

(This is net revenue from all sources, less operating expenses, interest on funded debt, rentals, taxes and dividends.)

Year.	Amount.
1889–1890	Sur. $54,061.32
1890–1891	" 11,689.23
1891–1892	" 328.30
1892–1893	Def. 27,076.12
1893–1894	Sur. 1,260.61
1894–1895	Def. 20,050.54
1895–1896	Sur. 35,147.79
1896–1897	" 39,981.35
1897–1898	" 45,386.91
1898–1899	" 54,365.99
1899–1900	" 55,401.49
1900–1901	" 50,855.77
1901–1902	" 83,258.52
1902–1903	" 98,313.35
	439,024.96

NOTE.—Of this amount $20,000 per annum, or $280,000, is applicable under the terms of the first mortgage to the sinking fund provided for therein.

(10) STATEMENT OF MILES OPERATED.

Year.	A. & V.
1889–1890	143.39
1890–1891	143.39
1891–1892	143.39
1892–1893	143.39
1893–1894	143.39
1894–1895	143.39
1895–1896	143.39
1896–1897	143.39
1897–1898	143.39
1898–1899	143.39
1899–1900	143.39
1900–1901	143.39
1901–1902	143.39
1902–1903	143.39

(11) STATEMENT OF AMOUNTS EXPENDED IN PERMANENT IMPROVEMENTS AND TEMPORARILY CHARGED TO "OPERATING EXPENSES," LESS AMOUNT CREDITED TO "OPERATING EXPENSES" WHEN CAPITALIZED IN 1902.

Year.	Amount.
1889–1890	$28,097.72
1890–1891	18,789.95
1891–1892	11,996.89
1892–1893	21,173.45
1893–1894	18,911.15
1894–1895	67,996.70
1895–1896	28,930.58
1896–1897	79,214.78
1897–1898	108,581.77
1898–1899	107,525.70
1899–1900	111,360.83
1900–1901	147,580.09
1901–1902	142,836.69
1902–1903	161,119.60
	1,054,115.90
Less amount capitalized in 1900 and distributed to stockholders	350,000.00
	704,115.90

Financial statement for the period July 1st, 1889, to June 30th, 1903—Continued.

(12) STATEMENT OF AMOUNTS EXPENDED IN PERMANENT IMPROVEMENTS AND BETTERMENTS CHARGED TO CONSTRUCTION ACCOUNT.

Year.	To construction account.	To net revenue account.
1890	$150,408.62	Nil.
1	101,670.81	"
2	14,983.36	"
3	16,509.08	"
4	Nil.	$4,086.08
5	"	26,000.00
6	"	1,713.00
7	"	4,050.00
8	23,700.00 Credited.	3,400.00
9	Nil.	6,300.00
1900	324,000.00	50,971.18
1	26,900.00 Credited.	5,743.50
2	Nil.	1,061.00
3	"	41,409.27
	557,031.87	144,714.01

(13) STATEMENT OF AMOUNT SET ASIDE OUT OF EARNINGS FOR PERMANENT IMPROVEMENTS, BUT NOT YET EXPENDED.

Year.	Amount.
1903	$27,000.00

(14) STATEMENT OF OVERCHARGES OR OTHER REPAYMENTS MADE TO SHIPPERS.

1889–1890	$2,764.82
1890–1891	5,040.00
1891–1892	6,610.30
1892–1893	6,300.00
1893–1894	6,700.00
1894–1895	4,800.00
1895–1896	4,800.00
1896–1897	5,400.00
1897–1898	7,000.00
1898–1899	7,000.00
1899–1900	10,000.00
1900–1901	12,000.00
1901–1902	12,000.00
1902–1903	12,500.00
	103,215.12

(15) STATEMENT OF FUNDED DEBT PER MILE OF ROAD.

1889–1890	$14,423.72
1890–1891	15,121.12
1891–1892	15,467.06
1892–1893	15,958.97
1893–1894	15,962.49
1894–1895	15,962.49
1895–1896	15,697.05
1896–1897	15,697.05
1897–1898	15,532.00
1898–1899	15,598.00
1899–1900	15,527.00
1900–1901	15,339.00
1901–1902	15,339.00
1902–1903	15,339.00

Financial statement for the period July 1st, 1889, to June 30th, 1903—Continued.

(16) STATEMENT OF CAPITAL STOCK PER MILE OF ROAD.

Year.	Amount.
1889–1890	$4,882.00
1890–1891	4,882.00
1891–1892	4,882.00
1892–1893	4,882.00
1893–1894	4,882.00
1894–1895	4,882.00
1895–1896	4,882.00
1896–1897	4,882.00
1897–1898	4,903.00
1898–1899	7,354.00
1899–1900	7,354.00
1900–1901	7,354.00
1901–1902	7,354.00
1902–1903	

(17) STATEMENT OF TOTAL CAPITALIZATION PER MILE OF ROAD.

1889–1890	$19,305.51
1890–1891	20,002.91
1891–1892	20,348.85
1892–1893	20,840.76
1893–1894	20,844.28
1894–1895	20,844.28
1895–1896	20,578.84
1896–1897	20,578.84
1897–1898	20,414.00
1898–1899	20,501.00
1899–1900	22,881.00
1900–1901	22,693.00
1901–1902	22,693.00
1902–1903	22,693.00

EXHIBITS FILED BY T. F. STEELE.

Central Yellow Pine Association versus Illinois Central R. R. et al.

[New Orleans & Northeastern Railroad Company; Alabama & Vicksburg Railway Company; Vicksburg, Shreveport & Pacific Railway Company; T. F. Steele, general freight agent; J. D. Grant, asst. general freight agent.]

NEW ORLEANS, LA., *December 18th/03.*

Mr. EDW. A. MOSELEY,
Secretary Interstate Commerce Commission,
Washington, D. C.

DEAR SIR: During my testimony before the Commission in this case, on the 12th inst., Commissioner Prouty requested me to file the following statements, which are enclosed herewith:

1st. Statement of lumber shipments originating at points on the New Orleans & Northeastern Railroad, showing points of origin, for the 11 months ending Nov. 30th, 1903, consigned to points on the Ohio River and beyond.

2nd. Statement showing the total number of cars handled during the months of March, 1902–1903, by the New Orleans & Northeastern Railroad and Alabama & Vicksburg Railway.

3rd. Statement of divisions accruing to the Vicksburg, Shreveport & Pacific Railway to Vicksburg and divisions accruing to the Vicksburg, Shreveport & Pacific Railway and the Alabama & Vicksburg

Railway to Meridian, Mississippi, on lumber originating on the Tremont & Gulf Railroad consigned to points on and north of the Ohio River.

Yours, truly, T. F. STEELE.

Copy Hon. Ed. Baxter, Nashville, Tenn.
Copy Gen. T. M. Miller, 824 Common St., City.

I.

Statement of lumber shipments originating at points on the New Orleans & Northeastern Railroad Company, showing points of origin, for the eleven months ending November 30th, 1903, consigned to the Ohio River and beyond.

Stations.	Total number of shipments.	Stations.	Total number of shipments.
	Cars.		*Cars.*
Corry, Miss	115	Purvis, Miss	499
Arundel, Miss	47	Lumberton, Miss	354
Enterprise, Miss	265	Orvisburg, Miss	450
Pachuta, Miss	43	Poplarville, Miss	792
Barnett, Miss	89	McNiels, Miss	294
Vossburg, Miss	6	Carriere, Miss	421
Heidelberg, Miss	179	Picayune, Miss	62
Sandersville, Miss	283	Nicholson, Miss	35
Laurel, Miss	527	Pearl River, La	
Ellisville, Miss	1,736	Slidell, La	10
Tuscanola, Miss	189	New Orleans, La	
Eastabuchie, Miss	550		
Hattiesburg, Miss	2,333	Total	9,279

II.

Statement showing total number of cars lumber handled during the months of March, 1902-1903, by the New Orleans & Northeastern Railroad and Alabama & Vicksburg Railway Companies.

	March, 1902.	March, 1903.
	Cars.	*Cars.*
New Orleans & Northeastern Railroad Co	1,831	2,037
Alabama & Vicksburg Railway Co	453	545

III.

Statement showing proportions, in cents per hundred pounds, accruing to lines to Vicksburg or Meridian, Miss., on shipments of lumber destined to points on or north of the Ohio River, originating at stations on Tremont & Gulf R'd.

Route.	T. & G. to Tremont.	V.S.& P. to Vicksburg.	V.S.& P. and A.& V. to Meridian.
Vicksburg and Y.& M.V	3	5	
Meridian and A.G.S.:			
To points on or south of Ohio River	4		8.5
To points north of Ohio River	4		5.6 to 7.3
Meridian and M.& O	3.5		6.5

Exhibit No. 1.—Mr. Steele.

(See p. 879.)

FROM N. O. & N. E. STATIONS.

To—	Rosin, C. L.		Turpentine, C. L.	
	A.	B.	A.	B.
St. Louis, Mo	22	7.2	35	11.4
Chicago, Ills	25	6.1	40	9.7
Cincinnati, O	20	5.5	31	8.5
Louisville, Ky	20	6	28	8.4

A. Through rate, in cents, per 100 lbs.
B. Rate per ton per mile, in mills.

COAL, C. L., FROM BIRMINGHAM, ALA.

To—	A.	B.
New Orleans, La	125	3.6
Vicksburg, Miss	160	5.4
Jackson, Miss	160	6.5
Ellisville, Miss	190	8.8
Hattiesburg, Miss	190	8
Poplarville, Miss	215	7.8
Morton, Miss	160	7.5
Brandon Miss	160	6.9

A. Through rate per ton, 2,000 lbs.
B. Rate per ton per mile (mills).

IRON, C. L., FROM BIRMINGHAM, ALA.

To—	Pig iron.		Iron pipe.	
	A.	B.	A.	B.
New Orleans, La	[1] 250	6.4	[2] 250	7.2
Vicksburg, Miss	[1] 250	7.6	[2] 250	8.5
Jackson, Miss	[1] 250	9	[2] 250	10
Dallas, Tex	33	10.1	45	13.8
Fort Worth, Tex	33	9.6	45	13.1
Houston, Tex	22.55	6.5	30	8.6
Galveston, Tex	22.55	6	30	8
Laurel, Miss	[1] 290	12	[2] 490	23.4
Hattiesburg, Miss	[1] 305	11.5	[2] 490	20.6
Poplarville, Miss	[1] 350	11.3	[2] 490	17.7
Shreveport, La	22	9.5	28	12.1

[1] Per ton, 2,000 lbs. [2] Per ton, 2,240 lbs.

A. Through rates per ton.
B. Rate per ton per mile (mills).

Exhibit No. 4 (B).

COTTON-SEED MEAL.

From—	Miles.	To New Orleans, La.	
		A.	B.
Vicksburg, Miss	235	* 190	7.2
Jackson, Miss	183	10	10.9
Meridian, Miss	196	10	10.2
Hattiesburg, Miss	111	10	18.1
Monroe, La	202	10	6.8
Shreveport, La	326	15	9.2

* Per ton of 2,240 lbs.

A. Through rates, in cts., per 100 lbs., unless otherwise specified.
B. Rate per ton per mile (mills).

EXHIBIT No. 2, Mr. Steele.

(See p. 881.)

Statement of number of cars of lumber from Mississippi and eastern Louisiana points to points on and north of the Ohio River, including points east of the Mississippi River and west of the Buffalo-Pittsburgh line for the ten months January first to November first, 1902 and 1903, respectively.

	N. O. & N. E. R. R.		A. & V. Rwy.	
	1902.	1903.	1902.	1903.
January	896	972	137	114
February	908	1,069	147	74
March	1,090	965	169	106
April	1,211	1,192	185	135
May	1,301	1,147	160	123
June	973	978	189	142
July	1,222	1,100	170	159
August	1,116	1,048	148	129
September	737	931	154	77
October	1,035	1,234	93	85
Total	10,489	10,636	1,552	1,144

T. F. STEELE.

EXHIBIT No. 3, Mr. Steele.

(See p. 881.)

[New Orleans & Northeastern Railroad Company, Alabama & Vicksburg Railway Company, Vicksburg, Shreveport & Pacific Railway Company, R. H. Tate, commercial agent, 715 Gravier street.]

NEW ORLEANS, LA.

Statement of yellow pine exported through the port of New Orleans.

[From the Export Record (weekly), published at Mobile.]

	Lumber.	Ties.	Poles.	Timber.	Piling.
1903.					
January	3,750,622	67,104		1,500	865,860
February	2,893,744	105,056	123,336	231,913	462,635
March	3,372,703	144,256	381,000	57,725	382,200
April	1,959,392	102,444	20,736	221,925	193,200
May	4,101,862	359,342		58,000	28,800
June	4,419,252	95,920	96,600	11,900	309,205
July	5,631,484	708,440	93,000		124,200
August	4,054,075	713,375		63,614	173,400
September	3,101,969	390,323	72,000		
October	7,111,845	358,845	143,400		171,000
Total	40,396,948	3,045,105	930,072	646,577	2,650,500

T. F. STEELE.

EXHIBITS FILED BY HAIDEN MILLER.

EXHIBIT No. 1, Haiden Miller.

Extract from a letter addressed to Mr. Haiden Miller, G. F. A. M. & O. R. R., from the Southern Lumber Manufacturers' Association, dated February 14th, 1903, signed by N. W. McLeod, president; Geo. K. Smith, secretary.]

"The Southern Lumber Manufacturers' Association desires to go on record as not opposing an advance in freight rates on their commodity, provided the burden is equitably distributed, and rates from competitive territory are equalized.

"As your interest as carriers, and ours as producers of yellow pine are mutual, what effects one adversely must seriously affect the other."

H. MILLER.

EXHIBIT No. 2, to testimony of Mr. Haiden Miller.

SOUTHERN LUMBER MANUFACTURERS' ASSN.
St. Louis, Mo., Feb. 14, 1903.

Mr. HAIDEN MILLER, *G. F. A., M. & O. R., St. Louis, Mo.*

DEAR SIR: In answer to an almost unanimous demand of the members of the Southern Lumber Manufacturers' Association, a meeting of the board of directors was held in St. Louis, February the 10th, for the purpose of considering the proposed advance of two cents per hundred pounds on yellow pine lumber from the South, effective March first, to St. Louis, East St. Louis, and Ohio River crossings, on shipments destined to points north of the Ohio River and east of the Mississippi River, west of Pittsburg, Pa., and to points west of Mississippi River, where rates are based on combinations through St. Louis or Cairo.

It was argued at this meeting that if an advance in freight rates was necessary that this advance should not be confined to one commodity, but that a general advance should be made on the entire tonnage, so that the burden would be equitably distributed, including hardwood and cypress from the South, hemlock from the Northeast, and white pine from the North, and Pacific coast products from the West.

You, no doubt, are well aware that this association represents a large majority of the yellow pine product, both in volume and numbers, and as their representatives we wish to enter a vigorous protest against the proposed advance of two cents per hundred pounds on yellow pine lumber from and into the territory referred to, as being especially unjust to the manufacturer both as to the method of applying the same and as to the time at which it is to take effect.

We believe such a radical advance will be detrimental to the interests of the railroads eventually, and to the manufacturers of yellow pine immediately, for the following reasons:

For many years the manufacturers of yellow pine have been making a fight for territory in which to sell their product, and the increase in production has only been taken care of by very materially extending the territory in which yellow pine has been sold.

The proposed advance will stop any extension of territory and will allow other woods to regain in many localities the position now occupied by yellow pine.

This will force stock into territory already fully occupied, cause over production and the necessary curtailment of output, then a reduction in tonnage, and consequent shrinkage in revenue to the originating lines.

Particular attention is directed to the Pacific coast States. There is in the United States 187 billion feet of yellow pine stumpage; white pine stumpage 60 billion feet. White pine stumpage of Canada, east of the Rocky Mountains, 37 billion feet. This is the total construction wood in existence to-day east of the Rocky Mountains.

On the Pacific coast alone there are 595 billion feet of standing construction timber to-day. The Pacific coast transportation lines, realizing their enormous tonnage, are losing no opportunity that presents itself for invading territory occupied by producers of lumber east of the Rocky Mountains.

It is our understanding that Mr. Hill has recently made exceedingly low tonnage contracts for the movement of Government freight and supplies, as well as commercial freight, to the Pacific coast, which will probably at least divide a large amount of tonnage that has heretofore moved through San Francisco and other gateways; this will place in the heart of the Pacific coast lumber regions a large amount of empty equipment that it will be to the interest of the transportation lines to load back with lumber, and it is reported that the territory already taken over by Pacific coast producers—namely, Colorado and a large portion of western Nebraska—it is to be very materially enlarged by extending the rates that are now effective to that territory to the Missouri River.

The enormous quantity of the timber, and correspondingly low cost of converting into lumber, and the light weight of the product, makes this wood in the hands of the transportation lines that have empty cars to move eastward a matter that must be given serious consideration.

Another matter which does not seem to have been given that consideration to which it is entitled is the limited time afforded to manufacturers to ship out the orders already on their books before this advance shall go into effect.

Since the notice of advance was received inquiry has been made among the members of this association to ascertain the number of carload orders already accepted for shipment which would be affected by this advance. Our members located west of the Mississippi River report having orders destined to points affected, which it will take an average of 55 days from February 9th to complete, provided cars are furnished, and our members east of the Mississippi River an average of 56 days to complete shipment.

These reports are sufficiently well scattered to justify the statement that they fairly represent the conditions prevailing throughout the entire yellow pine producing territory.

It is not necessary for this association to call your attention to the fact that for the past several months you have been unable to furnish us sufficient equipment to enable us to move our product, and in consequence it has accumulated on our hands.

If this proposed advance goes into effect on the date originally intended, it will work a very great hardship and loss on your patrons, which we feel in all justice we should be protected against, and which we fully realize you did not give that consideration which it deserves or you would not have limited the notice as you have.

Lumber rates from the South have for years been practically unchanged, and in this respect it differs from rates on other commodities, which are constantly fluctuating, so that the custom has grown among the manufacturers of yellow pine for taking on large volumes of business based on the stability of the present lumber rates. To advance these with less than three weeks notice entails upon the lumber manufacturers a large and unexpected loss.

This association is unanimously of the opinion that in all fairness and justice the effectiveness of this proposed advance should be postponed, at least until the first of May, in order to give your patrons an opportunity to protect themselves against heavy loss, by reason of the conditions forced upon them to accumulate stock, which has already been sold but which we have been unable to move for lack of equipment.

The Southern Lumber Manufacturers' Association desires to go on record as not opposing an advance in freight rates on their commodity, provided the burden is equitably distributed and rates from competitive territory are equalized.

As your interest as carriers, and ours as producers, of yellow pine are mutual, what affects one adversely must seriously affect the other.

Additional facts and figures will be compiled the present week, and we desire a committee of our board of directors to meet the traffic officials, who propose to advance the rates arbitrarily, and present to you as business men facts that must be considered, and will be pleased to have you name an early date for this conference.

Having an abiding faith in the high sense of justice and business integrity of our railroad friends, we feel that this communication from our association will be given that consideration which it surely merits.

Respectfully submitted.

(Signed) N. W. McLeod, *Prest.*
(Signed) Geo. K. Smith, *Secty.*

Exhibit No. 4.

Bananas	.0158	per ton per mile.
Cotton	.0154	do.
Dry goods	.0227	do.
Walnut, mahogany, & cherry lbr	.0085	do.
Canned goods	.0097	do.
Lumber	.0065	do.

H. Miller.

EXHIBITS RELATING TO MOBILE AND OHIO RAILROAD.

Statement of earnings, expenses, and fixed charges, etc., of that portion of the Mobile & Ohio Railroad south of the Ohio River for the fiscal year ending June

	1889–1890.	1890–1891.	1891–1892.	1892–1893.	1893–1894.	1894–1895.	1895–1896.	1896–1897.	1897–1898.	1898–1899.	
Gross earnings	$2,210,550.77	$2,506,484.39	$2,403,825.57	$2,233,910.30	$2,201,938.12	$2,204,013.62	$2,470,932.09	$2,638,139.67	$2,861,579.71	$3,468,575.02	$4
Operating expenses	1,480,524.45	1,648,920.52	1,649,677.71	1,544,036.34	1,389,134.96	1,431,846.85	1,566,937.50	1,751,865.24	1,943,938.23	2,504,773.66	3
Net income from operations	730,026.32	857,563.87	754,147.86	689,873.96	812,803.16	772,166.77	903,994.59	886,274.43	917,641.48	963,801.36	1
Net income from all sources	965,812.97	1,251,431.85	1,384,101.51	923,557.57	1,024,330.92	980,059.71	1,143,698.70	1,176,874.70	1,265,014.96	1,360,669.16	1
Interest on funded debt	553,522.10	878,586.09	933,971.48	861,288.66	861,159.94	856,367.07	863,666.27	853,270.23	847,692.75	896,045.00	1
Amount expended in maintenance, equipment, and other property, and charged income account†	177,243.96	118,926.57	x	x	172,331.83	x	143,645.44	204,450.44	176,246.69	271,748.18	
Rentals of leased lines	x	x	x	x	x	x	x	x	x	x	
Taxes	54,832.36	65,249.15	67,757.38	65,538.39	66,738.92	67,612.36	62,358.19	73,596.40	76,999.15	78,927.02	
Dividends*	106,000.00	147,894.00	321,170.00	x	336.00	224.00	210.00	2,587.00	3,204.51	17,433.34	
Surplus	74,214.55	40,776.04	61,202.65	Def. 32,694.48	Def. 76,235.77	58,856.28	73,818.80	42,970.63	160,871.86	96,515.62	
Amount expended in maintenance, equipment, and other property, and charged against capital—net debits less credits	x	101,791.07	218,070.17	Dec. 7,168.66	x	189,265.39	337,496.64	x	‡4,000,000.00	‡663,352.81	
Amounts expended in betterment and improvement, charged to operating exp	x	x	x	x	x	x	x	x	x	x	
Miles of road operated	527.00	527.00	527.00	527.00	527.00	527.00	527.00	527.00	715.52	715.52	
Funded debt per mile of road	31,004.23	30,799.18	30,898.16	30,784.31	33,797.72	33,685.58	33,569.83	33,484.44	30,126.62	30,126.62	
Capital stock per mile of road	10,096.02	10,096.02	10,096.02	10,096.02	10,096.02	10,096.02	10,096.02	10,096.02	7,351.30	7,351.30	
Total capitalization per mile of road	41,141.89	41,335.04	41,748.84	41,735.23	41,735.23	42,094.37	42,734.78	42,734.78	37,080.00	37,993.00	

* Debentures issued in compromise of certain bonded indebtedness.
† This amount expended mainly in building a sufficient number of freight cars to offset general depreciation in all freight cars owned.
‡ Cost of Montgomery extension.

BITS RELATING TO MOBILE AND OHIO RAILROAD.

ges, etc., of that portion of the Mobile & Ohio Railroad south of the Ohio River for the fiscal year ending June 30.

1892–1893.	1893–1894.	1894–1895.	1895–1896.	1896–1897.	1897–1898.	1898–1899.	1899–1900.	1900–1901.	1901–1902.	1902–1903.
$2,233,910.30	$2,201,938.12	$2,204,013.62	$2,470,932.09	$2,638,139.67	$2,861,579.71	$3,468,575.02	$4,238,949.32	$4,345,584.22	$4,588,493.36	$5,371,468.57
1,544,036.34	1,389,134.96	1,431,846.85	1,596,937.50	1,751,865.24	1,943,938.23	2,504,773.66	3,143,251.58	3,083,724.40	3,189,558.04	3,731,749.21
689,873.96	812,803.16	772,166.77	903,994.59	886,274.43	917,641.48	963,801.36	1,095,697.74	1,261,859.82	1,398,935.32	1,639,719.36
923,557.57	1,024,330.92	980,059.71	1,143,698.70	1,176,874.70	1,265,014.96	1,360,669.16	1,582,423.23	1,875,415.29	2,069,188.54	2,418,130.28
861,288.66	861,159.94	856,367.07	863,666.27	853,270.23	847,692.75	896,045.00	1,119,607.89	1,241,747.50	1,256,829.17	1,272,667.65
x	172,331.83	x	143,645.44	204,450.44	176,246.69	271,748.18	193,077.44	383,644.57	417,510.25	334,650.14
x	x	x	x	x	x	x	x	x	x	x
65,538.39	66,738.92	67,612.36	62,358.19	73,596.40	76,999.15	78,927.02	101,864.49	103,419.44	121,905.78	116,842.08
x	336.00	224.00	210.00	2,587.00	3,294.51	17,433.34	12,321.17	23,718.86	16,741.50	107,412.00
Def. 32,694.48	Def. 76,235.77	58,856.28	73,818.80	42,970.63	160,871.86	96,515.62	155,552.24	122,884.92	256,201.84	586,558.41
Dec. 7,168.66	x	189,265.39	337,496.64	x	‡4,000,000.00	‡663,352.81	72,155.63	28,051.74	69,200.77	453,823.10
x	x	x	x	x	x	x	x	x	x	x
527.00	527.00	527.00	527.00	527.00	715.52	715.52	715.52	715.52	715.52	753.88
30,784.31	33,797.72	33,685.58	33,569.83	33,484.44	30,126.62	30,126.62	30,021.80	30,008.94	30,008.94	28,747.28
10,096.02	10,096.02	10,096.02	10,096.02	10,096.02	7,351.30	7,351.30	7,351.30	7,351.30	7,351.30	6,981.20
41,735.23	41,735.23	42,094.37	42,734.78	42,734.78	37,080.00	37,993.00	38,094.00	38,133.00	38,230.00	36,886.00

ıise of certain bonded indebtedness.
'in building a sufficient number of freight cars to offset general depreciation in all freight cars owned.
n.

[Office of general auditor Mobile & Ohio Railroad Co., R. V. Taylor, Mobile, Ala.]

Mobile & Ohio Railroad Company, construction account.

December 31st, 1860, $10,417,379.94, covering cost of 472 miles main line, 14 miles branches—486.

In any comparison made between these figures and amount of cost to date the fact must be taken into consideration that the rolling stock covered by the construction account December 31st, 1860, was $1,500,000.00 and that it is now more than $8,000,000.00, and that other additions to property have been made in like ratio.

(Signed) R. V. TAYLOR,
General Auditor.

Mobile & Ohio Railroad Company paid as follows:

AVERAGE DAILY PAY.

	Engineers.	Firemen.	Conductors.	Brakemen.
1898	$4.72	$2.52	$3.22	$2.08
1903	6.31	3.27	4.89	3.36

Steel rail:
Year ending June 30th, 1898 ..... $18.00
Year ending June 30th, 1902 ..... 28.00
Engine (of same character each instance):
1898 ..... $9,250.00
1902 ..... 15,575.00
Box cars:
1898 ..... $480
1902 ..... $673
Flat cars:
1898 ..... $290
1903 ..... $851
Coal cars:
1898 ..... $435
1902 ..... $679

TAYLOR.

	1898–99.	1899–1900.		1900–01.		1901–02.		1902–03.	
	Amount.	Amount.	Per cent of increase or decrease.	Amount.	Per cent of increase or decrease.	Amount.	Per cent of increase or decrease.	Amount.	Per cent of increase or decrease.
Labor	$1,876,907.76	$2,445,861.78	Increase. 30.31	$2,484,380.30	Increase. 1.58	$2,556,083.78	Increase. 2.90	$2,788,179.27	Increase. 9.08
Lumber	71,200.92	93,890.92	31.87	85,523.26	Decrease. 9.78	96,935.10	Increase. 13.34	101,206.64	4.41
Fuel (coal)	256,995.12	316,360.88	23.10	423,623.07	Increase. 33.91	375,105.15	Decrease. 12.93	479,269.04	27.77
Steel rail	65,931.02	90,000.00	36.51	74,000.00	Decrease. 17.78	112,000.00	Increase. 51.35	249,567.23	122.82
Equipment (freight): Locomotives, box cars, flat cars, coal cars	78,069.69	86,844.89	11.24	236,886.67	Increase. 172.77	275,922.36	Increase. 16.48	263,269.44	Decrease. 4.81

R. V. TAYLOR,
Mobile & Ohio.

[Office of general auditor Mobile & Ohio Railroad Co., R. V. Taylor, Mobile, Ala.]

Mobile & Ohio Railroad Company, construction account.

December 31st, 1860, $10,417,379.94, covering cost of 472 miles main line, 14 miles branches—486.

In any comparison made between these figures and amount of cost to date the fact must be taken into consideration that the rolling stock covered by the construction account December 31st, 1860, was $1,500,000.00 and that it is now more than $8,000,000.00, and that other additions to property have been made in like ratio.

R. V. TAYLOR,
General Auditor.

EXHIBITS IDENTIFIED AND UNIDENTIFIED WITH REFERENCE TO GULF AND SHIP ISLAND RAILROAD.

This agreement, made this the 3rd day of June, A. D. 1899, by and between Eastman, Gardiner & Company, a corporation of the State of Iowa, with its principal office at Clinton, in said State, party of the first part; the Bradford Construction Company, a corporation of the State of West Virginia, with its principal office at Bradford, Pennsylvania, party of the second part, and the Gulf & Ship Island Railroad Company, a corporation of the State of Mississippi, with its principal office at Gulfport, in said State, party of the third part, witnesseth:

Whereas the party of the first part owns a line of railroad popularly known as the Laurel & Northwestern Railroad, extending in a westerly direction from Laurel, Mississippi, a distance of about fourteen miles, and proposes to extend the same immediately in the same general direction for a distance of about six miles further to a point near Leaf River, designated on a survey of said extension made by Arthur J. Cox, civil engineer, in the employ of the party of the first part; and

Whereas the party of the first part owns large tracts of timber lands and has leases of and timber rights to other lands and expects to acquire hereafter by purchase, lease, or otherwise other timber lands and timber rights in the counties of Jones, Covington, Jasper, Smith, Simpson, Rankin, and Lawrence, in the State of Mississippi; and

Whereas the party of the first part is now engaged in the business of producing and marketing lumber from said timber lands and timber rights and expects to continue in such business; and

Whereas the party of the first part in the conduct of its business makes use of its line of railroad, popularly designated as the Laurel & Northwestern Railroad, and desires in the future conduct of its business to continue to make use of said line of railroad and all extensions thereof by the operation of its logging and supply trains over the same; and

Whereas the party of the second part desires to acquire the railroad of the party of the first part, subject to the rights of said first party to use and operate trains over the same as is hereafter more particularly set forth; and

Whereas the party of the second part is the owner of all or nearly all of the capital stock and bonds of the party of the third part and has contracts with said party of the third part for the construction of the extensions to be made by it; and

Whereas the party of the third part is the owner of the Gulf & Ship Island Railroad and proposes to enlarge its railroad system in the State of Mississippi by extensions from Hattiesburg to Jackson, and from a point on said extension in or near the southeastern part of Simpson County to a connection in Smith County with the railroad now owned by the party of the first part:

Now, therefore, in consideration of the sum of one dollar by each of the parties paid to the others, the receipt whereof is hereby duly acknowledged, and in further consideration of the covenants and agreements herein made by each of the parties with the other, it is stipulated and agreed as follows, to wit:

1. The party of the first part agrees to proceed at once with the work of extending its line of railroad for the distance of six miles as hereinafter set forth, and to push the same with all convenient speed, and to complete the same within a period of six months from this date. The said railroad shall be equipped with a Y, or turntable, for turning engines at or near Laurel. The extension of said Laurel & Northwestern to be of the same grade, character, and standard of material and workmanship as is the portion of said railroad that is now complete; the bridges and trestles in said extension to be of sufficient strength to safely carry the engines and rolling stock now used by the party of the third party.

The first party agrees to build three stations along said line of railroad, one at Laurel, and one about ten miles from Laurel, and a third about twenty miles from Laurel.

The work herein provided for to be done by the party of the first part shall be done under the supervision of Arthur J. Cox, engineer, and J. B. Hatch, chief engineer, of the Gulf & Ship Island Railroad, and their certificate that the same is properly done, and in accordance with the contract, shall be binding and conclusive upon the parties.

II. The party of the second part hereby agrees to extend the said Laurel & Northwestern Railroad from that point to which it is to be constructed by the first party to a connection in or near the southeastern part of Simpson County with the line of the Gulf & Ship Island Railroad, as the same is to be constructed between Hattiesburg and Jackson, and to complete such extension within one year from this date. The extension of the road hereby agreed to be constructed by the second party shall be of as good grade and standard of work and material as that constructed by the first party. And the first party hereby agrees to acquire the right of way necessary for the extension to be made by the second party, and in so far as it fails to do so it will, in lieu of such right of way, pay to the second party the sum of one hundred ($100) dollars per mile, and at that rate for any less amount.

III. Subject to the rights, conditions, reservations, and exceptions herein expressed, the party of the first part agrees to sell and convey to the party of the second part the said Laurel & Northwestern Railroad as now constructed, and as now agreed to be constructed by said party of the first part, being a line of railroad twenty miles in length running in a westerly direction from the western line of the right of way of the New Orlean & Northwestern Railroad in said town of Laurel; and said first party also agrees to convey, or cause to be conveyed, to the said third party all right of way which it may acquire as

hereinbefore provided for the extension of said Laurel & Northwestern Railroad to be made and constructed by said second party.

The sidetracks of the Laurel & Northwestern Railroad at Laurel and all spurs and branches of said road heretofore constructed by the party of the first part are not included within this agreement, and they are to be and remain the property of the said first party; and the engines and rolling stock now owned or hereafter acquired by said first party are to be and remain its property.

And there is hereby reserved to and retained by the party of the first part the right to use the line of railroad hereby agreed to be conveyed, and also the extension thereof to be constructed by the said second party to a junction with the projected line of the Gulf & Ship Island Railroad from Hattiesburg to Jackson, as follows, viz:

The party of the first part may run and operate its own logging and supply trains over said line of road hereby agreed to be conveyed and the extension thereof to be made by the second party in or about the business now or hereafter conducted by the first party in the production of lumber in the counties of Jones, Covington, Jasper, Smith, Simpson, Rankin, and Lawrence, in the State of Mississippi, or any of them. The use of the road hereby reserved to the party of the first part is limited to its own business and shall be held to include only the carrying of all logs owned by the party of the first part, its successors and assigns, for the purposes of being manufactured into lumber, whether at the mills of the party of the first part or at the mills belonging to other parties, provided such mills are located on the line of said road; also all materials, machinery, supplies or other things required for use by the party of the first part in connection with its logging business; also all officers, agents, and employees of the party of the first part, and members of the families of such officers, agents, and employees, when traveling on business of party of the first part. Such use of said railroad, with its extension, shall be without toll or other charges, but the same shall be under the direction of the train dispatcher or other proper officer of the party of the third part, and the party of the third part shall have the right to frame all reasonable rules and regulations for the movement of trains of the party of the first part, the intention being that logging trains shall have the same right as freight trains on the Gulf & Ship Island Railroad.

The party of the first part shall use cars and engines of such character and shall keep them in such repair as to prevent, as far as practicable, accidents and unnecessary delays on the line, and long logs shall be loaded by the party of the first part on such cars and in such manner as to be safely carried and without injury to the roadbed because of overloading.

The party of the first part also hereby reserves the right to be exercised by it at any time, without charge, of connecting with the said line of road and extension thereof by spurs and branches or switch tracks at any point along the same, and to disconnect such spurs or switches when and as the convenience of its business may require; such connection and disconnection to be made under the direction of the superintendent of the party of the third part, and the costs of the same to be borne by the party of the first part.

IV. The party of the second part in consideration of the performance of the covenants and agreements herein made by the party of the

first part, hereby agrees that the party of the first part, its successors and assigns, shall retain, and at all times have, so long as they are engaged in the production of lumber in the counties hereinbefore named, or in any of them, the use of said railroad and extension for the operation of its logging and supply trains as hereinbefore set forth.

The party of the second part also agrees to pay to the party of the first part the sum of one hundred and sixty thousand ($160,000) dollars as follows: Forty thousand dollars ($40,000) on the execution of this agreement; ten thousand ($10,000) dollars monthly on the third day of each month following the execution of this agreement, until the whole sum of one hundred and sixty thousand ($160,000) dollars is paid; the deferred payments to be represented by twelve (12) promissory notes ($10,000) each, executed by the party of the second part to the order of the said first party, and endorsed by J. T. Jones, of Buffalo, New York; said notes not to bear interest, and to be payable in New York exchange at their net face, free from all exchange or other charges, to the party of the first, at the Bank of Laurel, Mississippi, or at the Bank of Gulfport, Mississippi.

The party of the first part also agrees that all lumber made from the logs secured from lands now owned and to be acquired by the party of the first part lying east of the G. & S. I. R. R. and south of Strong River, or carried by it over said Laurel & Northwestern Railroad and its proposed extension, which is shipped by rail from the mills where it is manufactured, shall be shipped over the Gulf & Ship Island Railroad whenever the rates for such shipment, published or otherwise in effect, by way of said railroad to common points and to points in common territory are as low as any rates from competing points on the New Orleans & Northeastern Railroad between Meridian and Lumberton, Mississippi; on the Gulf & Ship Island Railroad between Jackson and McHenry, provided that the party of the third part shall provide proper and sufficient cars upon reasonable notice therefor, and when cars are not so provided then shipments may go otherwise.

V. The party of the second part, for and in consideration of the foregoing covenants and agreements to be performed by the party of the first part, hereby agrees to buy the said railroad of the party of the first part, and the same now is and is to be constructed by the party of the first part, subject, however, to all rights, conditions, reservations, and exceptions hereinbefore made; and the party of the second part agrees to pay for the same as hereinbefore provided; and the party of the second part hereby agrees to extend and complete the construction of the extension of said line of railroad within one year from date to a connection with the main line of the Gulf & Ship Island Railroad in or near the southeastern part of Simpson County; and the party of the second part also agrees to construct an extension of the Gulf & Ship Island Railroad to a connection with the Illinois Central Railroad at Jackson, Miss.

It is hereby expressly agreed that all stipulations and provisions of this agreement respecting the use of said Laurel & Northwestern Railroad and its extensions by the party of the first part for the purpose of its logging business shall run with the said line of road, and the same shall continue so long as the party of the first part, its successors or assigns, are engaged in the business of producing lumber in the counties of Jones, Covington, Jasper, Smith, Simpson,

Rankin, and Lawrence, in the State of Mississippi, or in any of them; and all the provisions of this contract for the benefit of the said third party shall pass to the successors or assigns of the said third party.

VI. When the full sum of one hundred and sixty thousand dollars herein agreed to be paid by the party of the second part to the first party shall have been paid in cash and notes, as provided herein, the first party agrees to make to the party of the third part, its successors or assigns, a good and sufficient deed or conveyance, with the usual covenants of warranty, for the line of railroad by it hereby agreed to be conveyed, saving and reserving therein, however, to the first party, its successors and assigns, all the rights and interests in said line of railroad and its extensions herein reserved to it and stipulated for. And the first party will not be held bound to convey the title in fee simple to the land over which said line of railroad is located, but only the usual right of way therefor not exceeding one hundred (100) feet in width, save that where the party of the first part now owns the land over which said line of road is located it agrees to convey in fee simple a strip of land two hundred (200) feet in width, and as nearly as practicable one hundred (100) feet on each side of the middle of the track. In the town of Laurel, however, the first party is to convey of the land now owned by it only one hundred (100) feet in width, and as nearly as practicable fifty feet (50) on each side of the middle of the track.

VII. The party of the third part hereby guarantees the performance in all respects of the covenants, conditions, and stipulations by the second party to be kept and performed, including the payment of all the aforesaid promissory notes.

VIII. The party of the first part shall be responsible for acts of their employees and damage done by them or their trains while on the tracks of the Gulf & Ship Island Railroad, provided that the first party shall not be held responsible for any such damage occurring by reason of orders issued by the train dispatcher or any official of the Gulf & Ship Island Railroad.

In witness whereof the parties to these presents have caused the names of their proper officers to be hereunto subscribed and their corporate seal to be hereto affixed and attested the day and year first above written.

[SEAL.]

EASTMAN, GARDINER & COMPANY,
By GEORGE S. GARDINER, *President*,
P. S. GARDINER, *Secretary*.

BRADFORD CONSTRUCTION COMPANY,
By C. V. MERRICK, *President*.

GULF & SHIP ISLAND RAILROAD COMPANY,
By JOSEPH T. JONES, *President*,
R. E. POWERS, *Secretary*.

Gulf & Ship Island Railroad earnings and expenses by months for the year ending June 30, 1903, and June 30, 1902.

[See page 30, annual report year ending June 30, 1903.]

Months.	Gross earnings.		Operating expenses.		Net earnings.	
	Year ended June 30, 1903.	Year ended June 30, 1902.	Year ended June 30, 1903.	Year ended June 30, 1902.	Year ended June 30, 1903.	Year ended June 30, 1902.
Average miles operated	251	251	251	251	251	251
July	$130,244.24	$99,642.92	$84,229.43	$74,939.07	$46,014.81	$24,703.85
August	138,183.65	106,695.02	89,495.99	86,698.35	48,687.66	20,196.67
September	134,774.69	106,397.81	90,010.15	76,670.21	44,764.54	29,727.60
October	153,322.45	123,464.37	88,796.65	76,654.88	64,525.80	46,809.49
November	149,551.59	116,722.54	84,420.32	80,563.43	65,131.27	36,159.11
December	137,792.27	114,616.45	85,237.28	72,447.82	52,554.99	42,168.63
January	152,680.89	121,856.04	89,479.38	75,786.28	63,201.51	46,069.76
February	122,650.29	109,191.47	88,334.37	73,195.60	34,315.92	35,995.87
March	144,164.49	113,735.92	89,965.79	70,612.36	54,198.70	43,123.56
April	150,773.14	119,727.59	88,890.21	77,508.02	61,882.93	42,219.57
May	141,322.10	127,856.46	85,907.02	77,735.87	55,415.08	50,120.59
June	149,587.24	114,577.63	86,920.87	79,916.99	62,666.37	35,560.64
Total	1,705,047.04	1,374,684.22	1,051,687.46	921,828.88	653,359.58	452,855.34

See page 36 annual report:
1902—81 53/100% total freight tonnage, lumber.
1903—79 53/100% " " " "

Gulf & Ship Island Railroad Company—Comparative income account.

Supplementing G. & S. I. annual statement, year ending June 30, 1903. Figures furnished by Fisk & Robinson.]

	For the month ended—		For three months ended—	
	Sept. 30, 1903.	Sept. 30, 1902.	Sept. 30, 1903.	Sept. 30, 1902.
Miles operated	251	251	251	251
Gross earnings	$161,589	$134,774	$467,174	$403,203
Operating expenses and taxes	94,696	92,226	283,060	270,000
Net earnings	66,893	42,548	184,114	133,203
Other income	995	295	2,942	604
Total net income	67,888	42,843	187,056	133,807
Fixed charges	19,452	14,268	57,867	40,804
Surplus	48,436	28,575	129,189	93,003

Gulf & Ship Island R. R. Co. S.—106.

Traffic department: Basis for dividing rates on lumber and articles taking lumber rates, carloads, via Hattiesburg, Laurel, and Lumberton, Miss., in connection with N. O. & N. E. R. R. to points shown in N. O. & N. E. R. R. tariff No. 31A. Effective June 20th, 1901. Gulfport, Miss., June 20, '01.

[In cents per hundred pounds from Hattiesburg, Miss., Laurel, Miss., Lumberton, Miss., all other stations on the Gulf & Ship Island R. R.]

G. & S. I. R. R.	5	6
N. O. & N. E. R. R.	3	3
Beyond Meridian	Remainder of tariff rate.	Remainder of tariff rate.

Equipment: To points west of the Illinois and Indiana State line, use M. & O. or M. & O. route cars. To points east of the Ohio and Indiana State line, use A. G. S., C. N. O. & T. P. Southern or Q. & C. route cars. To points in Indiana and Michigan, Q. & C. or M. & O. route cars may be used.

THOS. P. HALE, G. F. A.

File 8603.

GULF & SHIP ISLAND RAILROAD COMPANY,
Gulfport, Miss., Mar. 8th, 1901.

Agents, Lumberton, Hattiesburg, and Laurel.

DEAR SIRS: When we are unable to get I. C. and L. & N. cars for lumber shipments, we will use N. O. & N. E., and M. & O. cars. This applies to shipments destined to points on and north of the Ohio River, including St. Louis, Mo., and other points east of the Mississippi River to the Atlantic coast. The current through prices will apply and our proportion will be when shipments are from our local station six (6) cents per hundred pounds. When shipments originate at mills located at Lumberton, Hattiesburg, or Laurel, which have track connections with the N. O. & N. E. road, our proportion is to be four cents per hundred pounds.

In the loading of cars for the N. O. & N. E. road, due care must be used not to abuse the equipment, that is, to load the cars to the territory to which they belong.

The territory west of a line drawn Evansville to Chicago is considered M. & O. territory, and M. & O. or M. & O. route cars should be loaded to such points. Territory east of the Ohio and Indiana State line is Q. & C. territory, and A. G. S., C. S. and Southern cars, and cars which come south over those lines should be loaded in such territory.

Indiana and Michigan is considered neutral territory, and either M. & O. or Q. & C. route cars may be loaded to points in those States.

Yours, truly,

T. P. HALE, G. F. A.

Copy frt. acct. to J. F. Mahoney.

EXHIBIT NO. 1.—G. & S. I. R. R. Co.

(p. 91, testimony.)

GULF AND SHIP ISLAND RAILROAD CO.,
Gulfport, Miss., Dec. 29–03.

E. J. BOWERS, Esq.,
General Counsel, Washington, D. C.

DEAR SIR: In response to your wire of Dec. 8th, I beg to confirm my telegram sent you on that date as follows: "Percentage of earnings from lumber to total freight earnings year ended June 30th, 1903, is 70.08%. Percentage to total gross earnings for said period is 55.03%."

For the purpose of making the above statement authentic, I hereby verify same by affidavit, and trust that you will be able to use the information in this shape, and that my personal attendance at the hearing on Jan'y 18th can be dispensed with.

Yours, truly,

ELISHA GEE, *Auditor.*

STATE OF MISSISSIPPI,
Town of Gulfport:

Personally appeared before me, the undersigned authority in and for said town and State, Elisha Gee, who is the auditor of the Gulf & Ship Island Railroad Company, who being duly sworn, deposes and says: That the foregoing statement of the percentage of earnings from lumber to the total freight earnings and to the total gross earnings of the Gulf & Ship Island Railroad is just, true, and correct as shown by the books of said company.

Sworn to and subscribed before me this 29th day of December, 1903.

[SEAL.] H. C. ELDER,
Notary Public.

EXHIBIT NO. 2.—G. & S. I. R. R. Co.

GULF AND SHIP ISLAND RAILROAD CO.,
Gulfport, Miss., December 28, 1903.

Hon. E. J. BOWERS,
General Counsel, Washington, D. C.

DEAR SIR: Enclosed I hand you copies of the statements, showing the amount of lumber sold and the average price received for same at the mills, which I have taken off the books of the Gary-Fatherree Lumber Co., J. J. Newman Lumber Co., and J. E. North Lumber Co. These were the only lumber dealers whom I approached on the subject, or of whom I asked to take transcripts from their books.

Out of abundant caution I have appended my affidavit to these statements, and trust that you will be able to use them in that shape.

Yours, very truly,

D. BLACK, *Travelling Auditor.*

STATE OF MISSISSIPPI,
County of Harrison, town of Gulfport:

Personally appeared before me, the undersigned, notary public in and for the aforesaid State, county, and town, D. Black, who, being first duly sworn, deposes and says that he is the travelling auditor of the Gulf & Ship Island Railroad Company, and that at the request of the counsel of said road, he took from the books of the Gary-Fatherree Lumber Company, of Perry, Mississippi, the J. J. Newman Lumber Company, of Hattiesburg, Mississippi, and the J. E. North Lumber Company, of Bond, Mississippi, a statement of the number of feet of yellow pine lumber sold during the years 1900, 1901, 1902, and 1903 by the said mills, together with the average price obtained for the said sales, and that the statements annexed to this affidavit are the statements so taken off the said books by him, and are true and correct copies and transcripts of the said books, and that the said statements were taken off the said books on or about November 28th, 1903.

D. BLACK.

Sworn and subscribed before me this 28th day of December, A. D. 1903.

[SEAL.] H. C. ELDER, *Notary Public.*

Statement of number of feet of lumber sold by Gary-Fatherree Lumber Co., of Perry, Miss., for years and months named, with average price per thousand feet.

Month.	1900.		1901.		1902.		1903.	
	No. feet sold.	Average price.	No. feet sold.	Average price.	No. feet sold.	Average price.	No. feet sold.	Average price.
Jany			581,653	12.21	809,100	11.57	1,297,364	11.93
Feby			554,780	11.69	1,295,200	7.88	957,182	12.55
March			788,882	11.08	1,314,800	8.74	782,454	13.23
April			1,042,689	11.09	1,328,000	10.35	623,664	12.34
May	745,762	13.99	980,866	9.55	1,062,000	12.80	606,416	12.29
June	518,697	13.29	626,512	9.98	637,000	11.15	820,410	12.11
July	516,472	14.23	932,400	11.69	1,125,900	10.55	583,838	11.01
August	432,626	12.29	594,200	8.36	914,900	11.24	609,922	16.49
Septr	230,356	12.46	830,700	7.83	1,241,200	11.67	901,280	11.29
Octr	440,102	10.51	872,700	10.61	1,204,190	12.28	801,750	12.20
Novr	781,437	11.79	748,300	10.40	1,103,404	11.97		
Decr	291,302	9.39	697,900	11.02	1,021,640	11.44		

GULFPORT, MISS., *Novr. 28-03.*

Statement of number of feet of lumber sold by the J. J. Newman Lumber Co., of Hattiesburg, Miss., for months and years named, with average price per thousand feet.

Months.	1900.		1901.		1902.		1903.	
	No. feet. sold.	Average price.	No. feet sold.	Average price.	No. feet sold.	Average price.	No. feet sold.	Average price.
Jany	1,500,627	11.70	2,223,863	10.60	5,393,379	10.64	5,541,066	11.23
Feby	438,658	12.45	2,717,284	10.14	4,731,056	11.32	4,987,053	11.32
March	1,633,610	13.09	3,945,346	10.39	5,052,650	11.57	4,125,368	11.62
April	1,213,469	13.69	5,512,726	11.12	5,542,565	12.02	3,452,252	11.51
May	2,605,394	12.21	5,223,804	11.26	5,541,143	12.13	2,715,134	12.37
June	2,527,786	10.83	5,258,493	10.60	4,622,351	11.45	2,558,632	11.71
July	1,484,035	10.71	4,106,720	10.15	5,212,482	11.22	3,154,635	11.63
August	1,437,947	10.96	4,791,878	9.90	5,525,333	10.65	4,055,637	11.49
Sepr	2,946,838	8.73	4,445,988	9.89	5,832,603	11.05	3,374,076	11.96
Octr	3,902,024	8.82	4,452,365	9.81	6,193,523	10.95	2,843,682	11.64
Novr	4,586,582	8.59	5,289,217	10.02	5,234,448	11.59		
Decr	2,261,741	8.90	3,982,565	10.54	4,776,010	10.90		

GULFPORT, MISS., *Novr. 28-03.*

Statement of number of feet of lumber sold by J. E. North Lbr. Co., of Bond, Miss, for months and years named, with average price per thousand feet.

Months.	1901.		1902.		1903.	
	No. feet sold.	Average price.	No. feet sold.	Average price.	No. feet sold.	Average price.
Jany			1,545,249	8.90	1,475,209	13.24
Feby	498,276	11.69	1,310,542	12.65	722,948	14.15
March	917,710	10.15	1,410,431	13.17	281,736	13.72
April	1,185,012	11.78	1,252,850	10.56	724,108	10.00
May	718,201	9.93	1,328,194	11.24	569,309	10.02
June	1,660,945	9.77	931,131	13.58	523,419	9.93
July	938,206	9.90	1,391,185	12.38	448,035	11.60
August	1,224,512	11.30	1,432,376	12.92	575,487	13.76
Septr	1,116,792	10.66	805,945	11.28	564,433	14.44
Octr	1,320,377	11.01	1,382,016	12.53	1,215,944	12.00
Novr	1,125,011	10.46	1,768,628	12.57		
Decr	1,038,686	10.12	1,510,919	12.38		

GULFPORT, MISS., *Novr. 28-03.*

EXHIBIT No. 3.—G. & S. I. R. R. Co.

(P. 91, testimony.)

GULF AND SHIP ISLAND RAILROAD CO.,
Gulfport, Miss., Dec. 29-03.

E. J. BOWERS, Esq.,
General Counsel, Washington, D. C.

DEAR SIR: In response to your request of Dec. 8th, I beg to herewith hand you a statement showing the amounts received by the Gulf & Ship Island Railroad Company from sale of lands granted by the United States Government.

For the purpose of making this statement authentic, I have verified it by affidavit, and trust that you will be able to use it in that shape and that my personal attendance at the hearing of Jany. 18th can be dispensed with.

Yours truly,

ELISHA GEE, *Auditor.*

Statement showing net receipts by Gulf & Ship Island Railroad Company from sale of lands granted by U. S. Government.

March 1st to June 30th, 1897	53,079.44
July 1st to September 30th, 1897	2,825.89
October 1st, 1897, to June 30th, 1898	193,663.57
	$249,568.90

Correct.

ELISHA GEE, *Auditor.*

STATE OF MISSISSIPPI,
Town of Gulfport:

Personally appeared before me, the undersigned, authority in and for said town and State, Elisha Gee, who is the auditor of the Gulf and Ship Island Railroad Company, who, being duly sworn, deposes and says that the foregoing statements of the amounts received from the sale of lands granted to the said Gulf & Ship Island Railroad by the United States Government is just, true, and correct, as shown by the books of said company.

Sworn to and subscribed before me this 29th day of December, 1903.

[SEAL.] H. C. ELDER, *Notary Public.*

EXHIBIT No. 4—G. & S. I. R. R. Co.

(P. 91, testimony.)

GULF AND SHIP ISLAND RAILROAD CO.,
Gulfport, Miss., Dec. 28, 1903.

Mr. E. J. BOWERS,
General Council, Washington, D. C.

DEAR SIR: With reference to the statements of lumber shipped from the G. & S. I. R. R. stations to Gulfport for export from Jan. 1st to Oct. 1st, 1902–1903, and statement showing total number of cars of lumber shipped from all G. & S. I. stations between said dates, compiled by Mr. Gee, auditor, on Dec. 1, '03, and furnished you in response to your request therefor, I beg to call your attention to the fact that deducting the export cars from the total movement for the

year 1902 will show a net movement to the interior of 26,623 cars, while by a similar calculation it would be seen that the net movement to the interior for the corresponding months in the year 1903 is 26,012 cars, an apparent loss of 611 cars.

On this point I desire to call your attention to a fact which is known to you but may have temporarily escaped your memory, namely, that the apparent loss or shortage is accounted for in several ways:

First. By the delivery by the Pearl & Leaf River R. R., whose business formerly went largely over one line, to the M. J. & K. C. R. R. since April 1st, 1903, and prior thereto.

Second. By the destruction of several large mills along our line, which were out of commission during the greater part of the year 1903. These mills were Camp & Hinton, at Lumberton; J. J. Newman Lumber Co., at Hattiesburg, and Bentley & Ward, at Mt. Olive. The amount of the Newman Lumber Co. and Camp & Hinton cut was shown by the testimony of Mr. Geo. S. Gardiner. The Bentley & Ward mill cut about 50,000 ft. per day. Besides this, the J. E. North Lumber Co.'s mills were reconstructed and was out of commission from Feb. to about Oct. 1st. The cut of the North Lumber Co. was about 100,000 ft. per day.

Third. The construction of the pier and opening of the port and the furnishing of sufficient export facilities for Gulfport, which, of necessity, attracted to the export trade some shipments that had theretofore gone inland.

I trust that this letter, together with the statements referred to, and the fact that all of which you are as familiar with as I am, will dispense with the necessity for my personal presence in Washington, as I will have to be in St. Augustine at that time, and that you can make the proofs and that the facts can be shown in this way.

Yours, truly,

S. D. BOYLSTON, *G. F. A.*

GULF AND SHIP ISLAND RAILROAD CO.,
Gulfport, Miss., Dec. 28–03.

E. J. BOWERS, Esq.,
General Counsel, Washington, D. C.

DEAR SIR: In response to your request, made late in November, I beg to herewith hand you a statement of the amount expended for the construction and improvement of Gulfport harbor and pier, also a statement showing the total number of cars of lumber shipped from G. & S. I. stations from Jany. 1st to Octr. 31st for the years 1902–03, as well as a statement showing the number of cars which were exported from Gulfport. By deducting the number of export cars from the total amount the interior movement can be obtained.

For the purpose of making these statements authentic I have verified them by affidavit, and trust that you will be able to use them in that shape, and that my personal attendance at the hearing of Jany. 18th can be dispensed with.

Yours, truly,

ELISHA GEE, *Auditor.*

GULF AND SHIP ISLAND RAILROAD CO.,
Gulfport, Miss., Jan. 30, 1904.

Hon. E. J. BOWERS, M. C.,
General Counsel, Washington, D. C.

DEAR SIR: Please see my letter of Jan. 15th relative to the closing down of the sawmill of the Kingston Lumber Company at Laurel, Miss. This mill was closed down on May 1st, 1903, and did not attempt to begin sawing again until Nov. 26th.

Yours, truly,

S. D. BOYLSTON, *G. F. A.*

GULF AND SHIP ISLAND RAILROAD CO.,
Gulfport, Miss., Jan. 15, 1904.

Mr. E. J. BOWERS
General Counsel, Washington, D. C.

DEAR SIR: In reference to information furnished you in regard to shipments of lumber from our line for the year 1903 compared with the year 1902, I omitted to advise you that the Kingston Lumber Company, which is one of "our" largest sawmills, & had furnished our line with quite a large tonnage of lumber, were overhauling and rebuilding their mill, and that during the year we lost a great deal of freight by the fact that this company was out of operation.

This matter has just come to my attention, and I have written to find out the exact date that this mill stopped operation. It was somewhere in the early part of the spring of 1903. Will give you the exact date later.

Yours, truly,

S. D. BOYLSTON, *G. F. A.*

Statement of lumber shipped from G. & S. I. stations to Gulfport for export from Jan'y 1st to Oct. 31st, 1902-03.

[Included in statement of total number of cars.]

EXPORT.

	1902.		1903.	
	No. cars.	Weight.	No. cars.	Weight.
January	165	9,970,288	184	10,260,700
February	184	10,515,521	235	12,390,850
March	209	11,965,478	343	19,450,340
April	110	7,677,398	228	11,528,760
May	143	6,838,560	372	19,279,850
June	82	4,477,500	203	11,355,138
July	113	4,804,900	237	14,332,676
August	75	3,551,800	430	28,255,725
September	69	3,306,240	338	18,206,265
October	106	6,283,600	432	28,386,720
	1,256	69,391,285	3,002	173,447,014

Correct:

ELISHA GEE, *Auditor.*

GULFPORT, MISS., *December 1st, 1903.*

STATE OF MISSISSIPPI,
Town of Gulfport:

Personally appeared before me, H. C. Elder, a notary public, Elisha Gee, auditor of the Gulf & Ship Island Railroad Company, who, being duly sworn, says on oath that the foregoing statement of

the number of cars exported from Gulfport pier via said road for times therein specified is true and correct, as shown by the books of the said road.

Sworn to and subscribed before me this 28th day of December, 1903.

[SEAL.] H. C. ELDER, *Notary Public.*

Statement showing total No. cars of lumber shipped from G. & S. I. stations from Jany. 1st to Oct. 31st, 1902-03.

[Including cars shipped to Gulfport for export.]

	1902.	1903.
January	2,543	2,894
February	2,459	2,225
March	2,544	2,888
April	2,973	2,988
May	3,015	2,916
June	2,675	2,991
July	2,912	2,901
August	3,042	3,125
September	2,786	3,095
October	2,930	2,991
	27,879	29,014

Correct: ELISHA GEE, *Auditor.*

GULFPORT, MISS., *December 1st-03.*

STATE OF MISSISSIPPI,
Town of Gulfport:

Personally appeared before me, H. C. Elder, a notary public, Elisha Gee, auditor of the Gulf & Ship Island Railroad Company, who, being duly sworn, says on oath that the foregoing statement of the number of cars of lumber shipped over the Gulf & Ship Island Railroad for times therein specified is true and correct, as shown by the books of the said road.

Sworn to and subscribed before me this 28th day of December, 1903.

[SEAL.] H. C. ELDER, *Notary Public.*

EXHIBIT NO. 5.—G. & S. I. R. R. Co.

Gulf and Ship Island Railroad Company—Statement showing amounts expended for construction and improvement of Gulfport Harbor to October 31, 1903.

Supervision and engineering	$13,168.69
Channel	773,412.16
Basin	491,627.87
Pier	392,407.11
Terminals for warehouses	84,157.34
	1,664,773.17

Correct: ELISHA GEE, *Auditor.*

GULFPORT, MISS., *Dec. 3-03.*

STATE OF MISSISSIPPI,
Town of Gulfport:

Personally appeared before me, H. C. Elder, a notary public in and for said town, Elisha Gee, auditor of the Gulf & Ship Island Railroad Company, who, being duly sworn, says on oath that the foregoing statement is true and correct, as shown by the books of the said road.

Sworn to and subscribed before me this 28th day of December, 1903.

[SEAL.] H. C. ELDER, *Notary Public.*

EXHIBIT No. 6.—G. & S. I. R. R. Co.

(P. 91, testimony.)

GULFPORT, MISS., *Dec. 23, 1903.*

Mr. T. P. HALE, *Second Vice-President;* Mr. S. D. BOYLSTON, *Gen. Freight & Passenger Agent;* Mr. ELISHA GEE, *Auditor—Building.*

DEAR SIR: Mr. T. M. Miller, attorney for the plaintiffs in the Yellow Pine Lumber case, requests that we furnish, before the hearing in Washington on the 18th of January next, the division sheet, or some other document or statement which will show:

First. What proportions or divisions were allowed to the Pearl & Leaf Rivers Railroad from November, 1900, to October, 1901.

Second. What was allowed or paid to the said railroad from June 1st, 1903, to December 1st, 1903.

Please investigate and ascertain whether we made any allowances to the said road during the terms mentioned; and if so, what, and be prepared with a statement thereof against my coming again, which will be Monday, the 28th.

I also desire to know what the divisions are between the G. & S. I. R. R. Co. and the I. C., and the G. & S. I. R. R. Co. and the M. J. & K. C. R. R. Co.—that is, on lumber moving to the Central Traffic Association territory and to the other points generally described in the complaint going to and north of the Ohio River and west of the Mississippi River, and in the Middle and Western States generally.

Yours, truly,

E. J. BOWERS.

GULF AND SHIP ISLAND RAILROAD CO.,
Gulfport, Miss., Dec. 28, 1903.

Mr. E. J. BOWERS,
Gen'l Council, Washington, D. C.

DEAR SIR: I herewith beg to hand you file showing divisions between this company and Ill. Cen. Railroad Company, and also between this company and the Pearl & Leaf River R. R. Company and between this company and the M. J. & K. C. R. R. Company, effective April 15th, 1903.

I do not find that we had any divisions with Pearl & Leaf River R. R. Co. between Nov., 1900, and Oct., 1901, and my information is that no divisions were paid or allowed by this company to them during that period.

I understand that this covers the information requested by Mr. T. M. Miller in his letters 15th and 22nd inst. and asked by yours 23rd.

I trust that these tariffs, together with this letter, will dispense with the necessity for my personal presence in Washington, as I have a business engagement on behalf of the road at St. Augustine on that date.

Yours, truly,

S. D. BOYLSTON, *G. F. A.*

Gulf & Ship Island Railroad Company, traffic department. Division sheet to A-47 (and reissues), in connection with the Mobile, Jackson & Kansas City Railroad and Illinois Central Railroads.]

Divisions on lumber from all M. J. & K. C. stations to points shown in tariff.

	In cents per hundred pounds.
M. J. & K. C.	5
C. & S. I.	3
Illinois Central & beyond	Balance.

Issued May 19, 1903. Effective April 15, 1903.
Issued by

S. D. BOYLSTON,
General Freight Agent, Gulfport, Miss.

[Gulf & Ship Island Railroad Company, general freight department.]

Divisions on lumber from Pearl & Leaf Rivers Railroad stations to points north of Jackson via Jackson and the I. C. R. R.

Effective April 15, 1903, the Pearl & Leaf Rivers Railroad will receive on lumber delivered to the G. & S. I. R. R. for shipment via Jackson four cents (4 ¢.) to all stations on and north of the Ohio River or basing thereon, and to other territories they will receive two cents per hundred pounds out of the through rate effective from those stations, as quoted by the Pearl & Leaf Rivers Railroad.

S. D. BOYLSTON,
General Freight Agent, Gulfport, Miss.

EXHIBIT NO. 7.—G. & S. I. R. R. Co.

PROVIDENT LUMBER COMPANY,
Tifton, Ga., Aug. 26, 1903.

Mr. S. D. BOYLSTON,
G. F. & P. A., Gulfport, Miss.

DEAR SIR: The following cars lumber shipped from stations on your line on dates given to the Standard Steel Car Company, Butler, Pa., for our account:

May 21st, I. C.,	19209,	from McHenry, Miss.
May 28th, I. C.,	16087,	"
May 30th, P. R. R.,	76699,	"
May 13th, N. Y., L. E. & W.,	21973,	"
May 16th, I. C.,	16242,	"
June 2nd, L. & N.,	6701,	"
June 6th, P. R. R.,	15132,	"
July 1st, P. R. R.,	97964,	"
July 6th, N. Y. C.,	62943.	
Feb. 10th, G. & S. I.,	3495,	from Sumrall, Miss.
Feb. 7th, I. C.,	12238,	"
Feb. 12th, C. of N. J.,	30974,	"
Feb. 24th, P. R. R.,	98530.	

This lumber was purchased with the understanding that we were to pay 50 cents per M additional in the event that the then proposed increase should take effect before shipment went forward. We have been billed with this 50 cents per M additional, and want to know just when the increase in rates to Butler took effect. Please advise us the old rate, when increase took effect, and present rate Sumrall and McHenry, Miss., to Butler, Pa. Also advise if the increase has been continuously in effect since it was first put in. Was there not an injunction restraining the application of the increased rates for a while after they had been in effect?

A prompt reply will oblige,

Yours, truly,

(Signed) PROVIDENT LUMBER CO.,
By C. W. CANTRELL,
Southern Manager.

[Memorandum to be inserted in lieu of Exhibit.]

Annual report of the Gulf & Ship Island Railroad for year ended June 30th, 1903, omitted in printing because of its volume, and because the principal matters referred to therein are on file with the Interstate Commerce Commission and may be referred to by either party on the hearing of this cause under stipulation of July 14, 1905.

MISCELLANEOUS UNIDENTIFIED EXHIBITS.

OCTOBER 26, 1903.

Rates per ton per mile on yellow-pine lumber from various points to Indianapolis.

The rates on lumber at the present time from Hattiesburg to Indianapolis via No. & N. E., A. G. S. & Cen. So., and C., H. & D., 26¢, divided as follows:

No. & N. E.,	84 miles	—6¢ per ton per mile	.0143
A.G.S. & G.S.,	634 "	13¢ " " " "	.0041
C., H. & D.,	124 "	7¢ " " " "	.0113
Total distance,	842 "	26¢ " " " "	.0061

The rate on lumber at present time from McComb City, Miss., to Indianapolis via Cairo, Ill. Cen. and Big Four, divided as follows:

Ill. Cen.,	463 miles	—16¢ per ton per mile	.0069
Big Four,	315 "	10¢ " " " "	.0063
Total distance,	775 "	26¢ " " " "	.0067

The rate on lumber at present time from Hattiesburg, Miss., to Indianapolis via G. & S. I.:

G. & S. I.,	89 miles	—7¢ per ton per mile	.0157
Ill. Cen.,	380 "	9¢ " " " "	.0047
Big Four,	315 "	10¢ " " " "	.0063
Total distance,	784 "	26¢ " " " "	.0066

The rate on lumber at the present time from the following points to Cairo is 16¢:

Alexandria, La.,	546 miles	—rate per ton per mile	.0056
Texarkana, Ark.,	398 "	" " " " "	.0080
Yellow Pine, La.,	574 "	" " " " "	.0053
Camden, Ark.,	337 "	" " " " "	.0094
Average distance,	463 "	" " " " "	.0069

Taking Indianapolis, Ind., as a central point in central traffic territory, the following table of distances and rates is a fair illustration of the published lumber rates at the present time:

The rate on lumber at the present time from Hattiesburg to Indianapolis via N. O. & N. E., A. G. S., Cen. Sou., and C., H. & D., 26¢, divided as follows:

N. O. & N. E.,	84 miles	6¢ per ton per mile	.0143
A.G.S. & G.S.,	634 "	13¢ " " " "	.0041
C., H. & D.,	124 "	7¢ " " " "	.0113
Total distance,	842 "	26¢ " " " "	.0061

The rate on lumber at the present time from McComb City, Miss., to Indianapolis via Cairo, Ill. Cen. and Big Four, divided as follows:

Ill. Cen.,	463 miles	16¢ per ton per mile	.0069
Big Four,	315 "	10¢ " " " "	.0063
Total distance,	778 "	26¢ " " " "	.0067

The rate on lumber at the present time from Hattiesburg, Miss., to Indianapolis via G. & S. I.:

G. & S. I.,	89 miles	7¢ per ton per mile	.0157
Ill. Cen.,	380 "	9¢ " " " "	.0047
Big Four,	315 "	10¢ " " " "	.0063
Total distance,	784 "	26¢ " " " "	.0066

The published tariff rate on lumber from the following-named points to Cairo is 16¢, and to Indianapolis 26¢:

Camden, Ark.,	16¢—337 miles.	Rate per ton per mile	.0094
Texarkana, Ark.,	16¢—418 miles.	" " " " "	.0076
Alexandria, La.,	16¢—546 "	" " " " "	.0056
Yellow Pine, La.,	16¢—574 "	" " " " "	.0053
Lake Charles, La.,	16¢—652 "	" " " " "	.0049
Beaumont, Tex.,	16¢—676 "	" " " " "	.0047
Average distance,	16¢—530 "	" " " " "	.0060
Cairo to Indianapolis,	10¢—315 "	" " " " "	.0063
Average whole distance,	26¢—845 "	" " " " "	.0061

Statement of shipments of lumber showing point of shipment, point of consignment, date of shipment, road over which shipped, weight, rate, and total freight charges.

Place of shipment.	Place of consignment.	Date of shipment.	Railroad company.	Weight.	Rate.	Total freight charges.
McComb, Miss.	Alexandria, S. D.	4/20/92	C., M. & St. P.	26,150	41	107.21
"	Cherokee, Ia.	3/6/94	Ill. Cent.	29,400	29	85.26
"	Webster City, Ia.	12/6/92	"	38,250	27	103.14
"	" "	9/28/92	"	37,500	27	101.25
"	" "	5/15/92	"	30,900	27	83.43
"	Blairsburg, Ia.	10/19/92	"	30,950	27	83.56
"	Ft. Dodge, Ia.	10/10/92	"	28,100	27	75.87
"	" "	9/28/92	"	39,300	27	106.11
"	Webster City, Ia.	8/27/92	"	29,600	27	79.92
"	Lyle, Minn.	4/7/93	"	31,200	27	84.24
"	Ft. Dodge, Ia.	10/30/92	"	31,900	27	86.13
"	Charles City, Ia.	10/29/92	"	26,900	27	72.63
"	" "	10/29/92	"	28,500	27	76.95
"	" "	10/29/92	"	40,800	27	110.16
"	Correctionville, Ia.	3/15/92	Wabash	28,900	24	69.36
"	Detroit, Mich.	12/7/92	"	30,100	24	72.24
"	" "	12/7/92	"	27,500	24	66.01
"	" "	11/30/92	"	24,940	24	59.87
"	" "	11/15/92	"	31,300	24	75.12
"	" "	11/17/92	"	24,950	24	59.88
"	" "	11/15/92	"	30,100	24	72.24
"	" "	11/21/92	"	35,500	24	85.21
"	" "	11/21/92	"	27,500	24	66.01
"	" "	11/23/92	"	32,050	24	76.92
"	" "	11/25/92	"	30,500	24	73.21
"	" "	11/30/92	"	24,000	24	57.60
"	" "	12/7/92	"			

Statement of shipments of lumber showing point of shipment, point of consignment, date of shipment, road over which shipped, weight, rate, and total freight charges—Continued.

Place of shipment.	Place of consignment.	Date of shipment.	Railroad company.	Weight.	Rate.	Total freight charges.
McComb, Miss...	Centralia, Ill.....	5/10/94	Ill. Cent.....	30,500	18	54.90
" ...	Columbus, O.....	4/2/94	P., C., C. & St. L...	48,700	24	116.88
" ...	" "	7/30/94	" ...	52,400	24	125.75
" ...	" "	7/27/94	" ...	50,200	24	120.48
" ...	" "	7/20/94	" ...	50,000	24	120.00
McComb, Miss...	Columbus, O.....	7/17/94	P., C., C. & St. L...	50,600	24	121.44
" ...	" "	"	" ...	50,000	24	120.00
" ...	" "	7/30/94	" ...	57,300	24	137.52
" ...	" "	7/20/94	C., C., C. & St. L...	48,600	24	116.64
" ...	" "	7/30/94	" ...	33,000	24	79.20
" ...	" "	8/2/94	" ...	40,200	24	96.48
" ...	" "	10/10/94	" ...	35,500	24	85.20
" ...	Vermilion, S. D.....	11/11/92	C., M. & St. P.....	44,000	34½	151.80
" ...	" "	8/23/92	"	46,500	34½	160.43
" ...	Armour, S. D.....	5/19/93	"	31,300	34½	131.46
" ...	Vermilion, S. D.....	3/20/93	"	47,700	34½	164.57
" ...	Hartley, Ia.....	4/18/93	"	28,300	31	87.67
" ...	Hull, Ia.....	7/11/93	"	25,200	30 5/10	77.67
" ...	Cedar Rapids, Ia	3/23/93	Ill. Cent.....	35,200	26	91.52
" ...	" "	6/19/93	"	29,500	26	76.70
" ...	" "	6/19/93	"	27,900	26	72.54
" ...	Spencer, Ia.....	12/5/92	C., M. & St. P.....	31,500	30½	96.84
" ...	Earlville, Ia.....	7/3/93	Ill. Cent.....	39,500	26	102.70
" ...	Freeport, Ia.....	5/30/94	"	37,900	22	83.38
" ...	" "	9/6/94	"	41,800	22	91.96
" ...	Chicago, Ill.....	11/17/94	"	39,400	22	86.68 4.50 add. charge.
" ...	Rock Falls, "	5/21/94	C., B. & Q.....	28,100	22	61.82
" ...	" " "	9/8/94	"	30,000	22	66.00
" ...	" " "	7/31/94	"	28,200	22	62.04
" ...	Peoria, Ill.....	7/14/94	T., P. & Wn	37,100	21	77.91
" ...	Decatur, "	5/6/95	Ill. Cent.....	39,100	21	82.11
" ...	" "	5/11/95	"	52,000	21	109.20
" ...	" "	4/30/95	"	50,300	21	105.63
" ...	" "	4/26/95	"	44,200	21	92.82
" ...	" "	"	"	45,900	21	96.39
" ...	" "	8/26/94	"	42,000	21	88.20
" ...	Brimfield, "	4/30/95	C., B. & Q.....	39,200	22	86.24
" ...	Galesburg, "	5/10/95	"	41,800	22	91.96
" ...	" "	5/8/95	"	31,550	22	69.41
" ...	" "	5/6/95	"	51,500	22	113.30
" ...	Le Mars, Ia.....	6/3/93	Ill. Cent.....	32,800	27	88.56
" ...	Dalton, Ia.....	5/19/93	S. C. & Nor.....	29,450	26.84	79.04
" ...	Ft. Dodge, Ia.....	11/19/91	Ill. Cent.....	32,200	27	86.94
McComb, Miss...	Ft. Dodge, Ia.....	9/12/92	Ill. Cent.....	33,900	27	91.53
" ...	" "	9/2/92	"	37,940	27	102.44
" ...	" "	2/3/92	"	37,000	27	99.90
" ...	Anthon, Ia.....	10/29/92	"	28,000	27	75.60
" ...	Le Mars, "	6/2/93	"	32,800	27	88.56
" ...	" "	10/7/92	"	34,650	27	93.56
" ...	" "	4/6/93	"	34,650	27	93.55
" ...	" "	1/7/93	"	34,300	27	92.61
" ...	Primghar, "	3/24/93	"	28,800	27	77.76
" ...	Manson, Ia.....	1/2/93	"	41,300	27	111.51
" ...	Belleville, Wis.....	4/15/94	"	28,400	26	73.82
" ...	Dubuque, Ia.....	6/5/93	"	37,700	26	98.02
" ...	" "	12/2/92	"	24,000	26	62.40
" ...	Manchester, "	8/25/93	"	25,700	27	69.39
" ...	" "	8/18/93	"	27,400	27	73.98
" ...	" "	8/15/93	"	30,900	27	83.43
" ...	East Liberty, Pa.....	12/20/93	P. R. R.....	48,000	30	144.00
" ...	Platteville, Wis.....	1/11/93	C. & N. W.....	24,000	29	69.60
" ...	Madison, "	3/28/93	Ill. Cent.....	44,900	26	116.74
" ...	Thompson, Ia.....	10/21/92	Bur., Ced. Rap. & Nor.	30,000	32½	97.62
" ...	Waukegan, Ill.....	4/8/91	C. & N. W. Ry.....	29,350	26	76.30
" ...	" "	4/8/91	"	26,500	29	77.10
" ...	" "	4/22/91	"	30,700	28	85.98
" ...	" "	4/16/91	"	29,500	28	82.60
" ...	" "	4/16/91	"	29,000	26½	76.82
" ...	Everly, Ia.....	4/6/93	C., M. & St. P.....	27,500	31½	86.08
" ...	Sioux City, "	7/12/93	Ill. Cent.....	38,700	27	104.49
" ...	" "	1/9/93	"	52,200	27	140.94
" ...	" "	1/3/93	"	38,230	27	103.22
" ...	" "	1/2/93	"	35,850	27	96.80
" ...	" "	6/6/93	"	54,900	27	148.23
" ...	Armour, S. D.....	5/2/93	C., M. & St. P.....	24,000	42	100.80
" ...	" "	10/31/92	"	37,400	42	157.08

MEMORANDUM SETTING FORTH RESULTS OF CERTAIN EXHIBITS FILED BY THE M. & O. R. R. AND L. & N. R. R.

Memorandum setting forth results of certain exhibits filed by the Mobile & Ohio Railroad and the Louisville & Nashville Railroad.

The statements filed by the Mobile & Ohio Railroad Company cover lumber shipments from stations on its line to points north of the Ohio River for 11 months ending November, 1903.

Said statements show as follows: From Yellow Pine, Ala., 227 cars; from Oak Grove, Ala., 463 cars; from Quitman, Miss., 803 cars; from Vinegar Bend, Ala., 165 cars; from Dwight, Ala., 16 cars; from Chicora, Miss., 616 cars.

The statement filed by the Louisville & Nashville Railroad covers lumber shipments from stations on its line to points north of the Ohio River for 11 months ending November, 1903.

Said statement shows as follows: Pelham, Ala., 8 cars; Saginaw, Ala., 140; Ocampo, Ala., 52; Jemison, Ala., 8; Thorsby, Ala., 8; Clanton, Ala., 2; Coopers, Ala., 40; Verbena, Ala., 6; Marbury, Ala., 588; Alpha Springs, Ala., 24; Deatsville, Ala., 27; Speigener, Ala., 6; Elmore, Ala., 23; Coosada, Ala., 5; Stouts Mountain, Ala., 2; Millbrook, Ala., 10; Fays, Ala., 3; Prattville, Ala., 141; Big Springs, Ala., 3; Brocton, Ala., 5; Champion, Ala., 4; Kewahatchie, Ala., 1; Wynette, Ala., 4; Talladega, Ala., 17; Ironaton, Ala., 15; Anniston, Ala., 1; Duke, Ala., 2; Nowlin, Ala., 1; Gadsden, Ala., 2; Lumberton, Ala., 89; Chapman, Ala., 196; Dunham, Ala., 200; Castleberry, Ala., 7; Brewton, Ala., 397; Pollard, Ala., 61; Walkers Siding, Ala., 5; Wawbeek, Ala., 37; Canoe, Ala., 5; Atmore, Ala., 75; Chicora, Ala., 2; Carneys, Ala., 6; Dyas, Ala., 72; Dolives, Ala., 139; Hurricane, Ala., 42; Carpenters, Ala., 18; Rhodes, Ala., 3; Brooks, Ala., 2; Red Level, Ala., 16; River Falls, Ala., 455; Andalusia, Ala., 91; Sanford, Ala., 330; Poley, Ala., 381; Opp, Ala., 102; Sampson, Ala., 1; Marl, Ala., 64; Lytle, Ala., 12; Geneva, Ala., 4; Thurston, Ala., 2; Noma, Fla., 115; Eleanor, Fla., 49; Lockhart, Ala., 274; Florala, Ala., 2; McPhail, Ala., 2; Grand Bay, Ala., 30; Orange Grove, Miss., 5; Scranton, Miss., 180; West Pascagoula, Miss., 22; Gulfport, Miss., 128; Pass Christian, Miss., 5; Poston, Ala., 7; Foshee, Ala., 182; Hammac, Ala., 11; Longs, Ala., 3; Deer Range, Ala., 1; Tunnel Springs, Ala., 2; Nadawah, Ala., 215; McWilliams, Ala., 85; Schustor, Ala., 2; Pineapple, Ala., 1; Sardis, Ala., 13; Manistee, Ala., 545; Linden, Ala., 3; Cates, Ala., 33; Century, Fla., 1,392; Bluff Springs, Fla., 31; Pine Barren, Fla., 228; Molino, Fla., 30; Cantonment, Fla., 201; Milton, Fla., 47; Hamm, Fla., 6; Milligan, Fla., 5; Crestfield, Fla., 40; Deerland, Fla., 3; Bear Head, Fla., 4; Defuniak Springs, Fla., 10; Argyle, Fla., 1; Summerville, Fla., 1; Caryville, Fla., 344; Bonifay, Fla., 2; Langston, Fla., 3; Mayberne, Fla., 22; Lulaton, Fla., 1; Cypress, Fla., 7; Grand Ridge, Fla., 4; River Junction, Fla., 12.

Grand total for L. & N. R. R., 8,271 cars.

936

No. 707.

THE CENTRAL YELLOW PINE ASSOCIATION

v.

THE ILLINOIS CENTRAL RAILROAD COMPANY; THE GULF & SHIP ISLAND RAILROAD COMPANY; THE SOUTHERN RAILWAY COMPANY; THE MOBILE & OHIO RAILROAD COMPANY; THE NEW ORLEANS & NORTH EASTERN RAILROAD COMPANY; THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY; THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY; THE ALABAMA & VICKSBURG RAILWAY COMPANY; THE LOUISVILLE & NASHVILLE RAILROAD COMPANY; THE MOBILE, JACKSON & KANSAS CITY RAILROAD COMPANY.

Decided February 7, 1905.

Complaint was made of an advance by defendants of 2 cents per 100 pounds on April 15, 1903 (except as to the L. & N. R. Co., as to which the advance became effective June 22, 1903), in the rates on lumber in carloads from points in lumber producing territories east of the Mississippi River in Louisiana, Mississippi, and part of Alabama served by defendant roads, to Ohio River points, applying both on shipments locally to such Ohio River points and to shipments destined beyond. On September 9, 1899, the rate previously in effect from May 1, 1894, was advanced one cent, making a total advance of 3 cents since May 1, 1894. The rates prior to the advance on April 15, 1903, were remunerative to the defendant carriers. *Held:*—

1. That when a railroad company advances a rate which has been for some time in force, the fact of its continuance is in the nature of an admission against that company which tends to show the unreasonableness of the advance; and in this case the rates in effect for long periods prior to the advance are shown to have been profitable to the defendant carriers.

2. That the test of the reasonableness of a rate is not the amount of profit in the business of the shipper or manufacturer, but whether the rate yields a reasonable compensation for the services performed. Carriers necessarily and justly participate in the prosperity of their patrons in the resultant enlargement of their own business.

3. That the advance in rates by defendants was not justified by increased cost of operating the roads, for while the operating expenses have constantly increased, they have been enlarged by the inclusion therein of large expenditures for permanent improvements, and defendants' gross earnings have increased from year to year to such extent as to result in a constant increase of net earnings.

4. That the value of the entire property of a road employed for the public convenience can shed but little, if any, light upon the question whether the rate on one among thousands of articles of traffic yields its proper proportion of a fair return upon that value, and moreover, the voluminous and conflicting testimony in this case on that subject does not enable the Commission to determine the value of defendants' respective properties.

5. That the elements to be considered in determining the reasonableness of an entire system of rates are widely different from those involved in the question of the reasonableness of the rate upon a single commodity.

6. That the advance of rates complained of in this case was the result of concerted action by defendants and other carriers; and while the question whether such concert of action is in violation of the "Anti-Trust Act" is for determination only by the courts, it is the province and duty of this Commission, when the reasonableness of rates is in issue before it, to consider whether the advanced rates resulted from untrammeled competition, or were fixed by concert of action or combination of carriers.

7. That the rates in effect prior to the advance were reasonably high when compared with the rates on other commodities which are at all analogous to lumber in respect to value, volume, and the various conditions affecting the service of transportation.

8. That carriers have no right to advance a rate which is already reasonably high and which yields an adequate return for the services rendered solely because additional revenue is needed.

9. That logging roads, or "tap lines," to which the defendant M. & O. R. Co. grants allowances from its published rates, are not common carriers, but such tap lines are the private properties of mill owners, and the allowances are therefore unlawful. *Cent. Yellow Pine Assn.* v. *V. S. & P. R. R. Co.* (10 I. C. C. Rep. 193), cited and applied.

10. That section 3, of the Act to regulate commerce, which prohibits undue preferences as between individuals or localities, is not violated by the failure or refusal of defendants to make "tap line" allowances to mill owners in their territory while such allowances are granted to mill owners by other carriers in the territory west of the

Mississippi; but if the rate west of the Mississippi River, minus the allowance, is reasonable, it tends to support the proposition that a similar reduction east of the River would leave the rate reasonably high; and the M. & O. R. Co., by voluntarily making such allowances east of the River, practically concedes this proposition as to itself.

11. That no rule is more firmly grounded in reason or more universally recognized by carriers, than that the greater the tonnage of an article of traffic, the lower should be the rate, but defendants have made yellow pine lumber an exception to this rule.

12. That lumber rates should be relatively low, in view of the fact that lumber is inexpensive freight and few other commodities furnish to carriers so large a tonnage; that the lumber business is constant, yielding carriers revenue all the year; that no special equipment is constructed or furnished for its carriage; that it is loaded by shippers and unloaded by consignees, and where open cars are furnished the shipper is required, at considerable expense, to equip them so as to protect the lumber and the train; and that there is small risk and in case of accident the damage is insignificant.

13. That the advance on April 15, 1903, of 2 cents per 100 pounds in the rate from the shipping points in question to the Ohio River was not warranted, and that the resultant increased rates are unreasonable and unjust.

Green & Green and *T. M. Miller* for complainant.
Ed. Baxter for defendants.
Sidney T. Andrews for Illinois Central Railroad Company.
Claudian B. Northrop for Southern Railway Company.

REPORT AND OPINION OF THE COMMISSION.

CLEMENTS, *Commissioner:*

The complainant is an incorporated association composed, as alleged in the complaint, of a large number "of persons, firms and corporations" engaged in the business of manufacturing yellow pine lumber in the states of Mississippi, Alabama and that part of Louisiana east of the Mississippi River, its declared object being to protect the interests of the manufacturers of yellow pine lumber in that territory in the matter of transportation rates.

The defendants are common carriers by rail engaged in interstate commerce, and, in particular, in the transportation of yellow pine lumber from the mills and lumber plants of com-

plainant's members in said territory to, for the most part, the territory known as "Central Freight Association Territory," which lies on and north of the Ohio River and on and between the Mississippi River on the west and a line running through Buffalo and Pittsburg on the east, and complainant's members are dependent upon the defendants for the transportation of their lumber to the markets of the country.

The Mobile, Jackson & Kansas City Railroad was made a party defendant, but, it appearing that that road was not directly interested in or responsible for the rate or matter in issue, the case was on motion of counsel for the complainant dismissed as to it.

The complaint charges, in substance, that the defendants, on the one hand, and, on the other hand, the several railway companies carrying yellow pine lumber into the same markets from the territory west of the Mississippi River, embracing the states of Texas, Arkansas and that part of Louisiana west of that river, met through representative officials and by agreement advanced the rate on yellow pine lumber, from the territories both east and west of the Mississippi to points on and beyond the Ohio River in said Central Freight Association Territory, 2 cents per hundred pounds, making said advance applicable south of the Ohio River and effective on and from April 15, 1903, except as to the Louisville & Nashville road as to which it became effective June 22, 1903; that the defendants from time to time prior to April 15, 1903, had advanced their lumber rates, and that the rates effective prior to that date "contained really higher charges for the transportation of yellow pine lumber of complainant and others similarly situated than the reasonable and just value of said service would allow;" and that—

"Said increase on yellow pine lumber is unjust, unreasonable, arbitrary and discriminatory, in direct contravention of the provisions of the Act to regulate commerce, and is destructive of and wholly injurious to the business of complainant and others similarly situated, and largely impairs the value of their property by the placing of an unnecessary and grievous burden and tax upon the transportation of their products and by ren-

dering practically inaccessible their available markets and defeating equal competition in said large territory (Central Freight Association Territory) without any cause; that said unjust and unlawful increase imposes upon yellow pine lumber shipped by complainant's members and others similarly situated, carried as interstate commerce under like circumstances and conditions, an excessive burden out of line with and far more grievous than is sustained by the same products from other points and by other products and commodities of like weight, cost of carriage, value, service and all other conditions considered."

The complaint further charges that

"The railroads transporting yellow pine lumber from the yellow pine regions of Arkansas and Trans-Mississippi Louisiana, and which yellow pine lumber competes with the products of complainant's mills in the same market, not only charged lower freight rates to their patrons, but allow them a rebate in the shape of so-called tap line divisions through the logging railroads owned by them and used for bringing logs from the woods to their saw mills."

The complaint alleges many matters, which will be hereinafter considered, in support of these charges, and in conclusion prays that an order be made declaring said advanced rate "excessive, unjust and unreasonable as well as discriminative, in violation of the Act to regulate commerce," and requiring the defendants "to desist from enforcing their unlawful and unreasonable tariffs now effective on yellow pine lumber." There is also a prayer for general relief.

The defendants in their answers specifically deny all the charges in the complaint and also the principal matters set up therein as sustaining those charges. The main grounds upon which the defendants seek to justify the advance in the rate complained of, are:

1. The alleged improved market conditions prior to April 15, 1903, which resulted in an increase in the price of lumber.

2. The alleged increased cost of operating the railroads.

3. The alleged fact that lumber, considering its character and the conditions attending its transportation, was not yield-

ing its proportion of the revenue required by the defendants to meet their expenses.

The complainant claims, in brief, that the greatly increased and constantly increasing tonnage of the lumber traffic and of traffic in general of the roads and resultant increase in earnings, called for a reduction rather than an advance in the rate; that the rate, as before stated, prior to the advance yielded at least a reasonable, if not an excessive, return for the service rendered and that the facts, if they exist, that the lumber business had prospered and grown more profitable and that the expenses of the roads had increased, were no grounds for the advance of a rate already reasonably high.

After having given the entire record the long and careful consideration absolutely necessary, we find the following to be the controlling facts.

Findings of Fact.

1. The lumber producing districts which are concerned in the matters involved in this case may be divided into, first, territory west of the Mississippi composed of Louisiana west of that river, and Arkansas and Texas; second, Louisiana east of the river, Mississippi and part of Alabama, and, third, Georgia, Florida and part of Alabama, called Southeastern Territory. The lumbermen in each of these districts compete in the sale of their products in the same markets which are principally in the territory on and north of the Ohio River and on and between the Mississippi River on the west and a line running through Buffalo and Pittsburg on the east, known as "Central Freight Association Territory."

The roads of the defendant carriers are located in the second of these territories, namely, that east of the Mississippi, in Louisiana, Mississippi and part of Alabama, and run through and serve the lumber producing districts in that territory.

2. The advance in the rates complained of was from the lumber producing territories west as well as east of the Mississippi River and was made, in fact, though not expressly, by agreement between the defendants and the roads west of the Mississippi. Several meetings were held and consultations had be-

tween the representatives of the lines serving both territories which finally resulted in the advance made. It was understood to be impracticable for the lines east of the Mississippi to advance their rates without a corresponding advance by the lines west of the Mississippi and consequently there was a concurrence or agreement between them before the advance was made. The roads east of the Mississippi (defendants) appear to have taken the initiative in this matter.

The advance was 2 cents per hundred pounds, effective April 15, 1903, except as to the Louisville & Nashville road, as to which it became effective June 22, 1903. It was made applicable to St. Louis, East St. Louis and all Mississippi River crossings from St. Louis to and including Memphis and to all Ohio River crossings from Cairo to Cincinnati, both inclusive.

At Cairo traffic from the mills in a large portion of the lumber producing districts west as well as east of the Mississippi River meets or converges *en route* to destinations, the line to Cairo being the short line from the greater part of those districts. The rates to the other Ohio River crossings, Evansville, Louisville and Cincinnati, are said to be based on Cairo; that is, they bear a fixed relation to the Cairo rate, being higher by certain amounts and being correspondingly advanced or reduced as the Cairo rate is advanced or reduced. The through rates to interior points beyond the Ohio River in Central Freight Association Territory are made up of the full local rates of the roads north of the Ohio as the proportions of those roads and whatever is left of the through rates as the proportions of the roads south of the Ohio. The rates to interior points north of the Ohio are made on the lowest combination of rates to the Ohio plus the rates beyond, and are blanket rates, being the same from all shipping points or points of production to the same destination.

The Ohio River point rates are to the north bank of the River and include or absorb the bridge tolls. The bridge tolls or transfer charges are 2 cents per hundred pounds at Cairo, 1½ cents at Evansville, 1 cent at Louisville and 2 cents at Cincinnati.

3. The rates to the Ohio River crossings from Louisiana east

of the Mississippi and Mississippi and part of Alabama and from Louisiana west of the Mississippi and Arkansas at the date of the advance of 2 cents, April 15, 1903, and as increased by that advance, were as shown below:

From	To			
	Cairo,	Evansville,	Louisville,	Cincinnati.
Arkansas, ...	16 cts.	23 cts.	27 cts.	27 cts.
Louisiana, Mississippi, and Alabama	16 cts.	22 cts.	21 cts.	23 cts.

(Note. The rate (16 cents) from Texas points to Cairo in force at date of advance has been restored.)

Peoria, Indianapolis and Columbus are fairly representative points or markets for lumber in Ohio, Indiana and Illinois. The total through rates via Ohio River crossings to those points and to Chicago at the date of the advance and as increased by the advance, were as follows:

To	Rates in force at date of advance.	Rates as increased by advance.
Peoria	23 cents.	25 cents.
Indianapolis	24 "	26 "
Columbus	27 "	29 "
Chicago	24 "	26 "

As before stated, the roads north of the Ohio charge their full local rates from the Ohio River to the lumber markets in Central Freight Association Territory as their proportions of the through rates.

There are divisions of the rates south of Ohio between what are termed the "originating roads" on which the lumber is principally manufactured and the roads intermediate between those originating roads and the Ohio River. The principal originating roads named in the testimony are the Gulf & Ship Island road, extending from Gulf Port on the Gulf of Mexico to Jackson, Miss., and the New Orleans & Northeastern road extending from New Orleans to Meridian, Miss. The Illinois Central road connects with the Gulf & Ship Island road at Jackson and on lumber received from the Gulf & Ship Island road at that point the Illinois Central allows that road a division of 7 cents out of the rate to the Ohio River. This allowance commenced in 1899 and by contract between the roads is to con-

tinue 10 years. At Meridian the Mobile & Ohio road connects with the New Orleans & Northeastern and on lumber received from that road allows it 6 cents out of the rate to the Ohio. The Alabama Great Southern road and its connections also pay at Meridian to the originating road a division of 6 cents.

4. The divisions allowed the originating roads are large in proportion to the length of the hauls made by them and in proportion to the balances of the rates left for the intermediate roads. For example, the average distance from lumber manufacturing points on the Gulf & Ship Island road to Jackson is 80 miles. At 7 cents a hundred pounds for a haul of this length, the rate per ton per mile is 1.75 cents or 17½ mills.

Out of the balance of the 16 cent rate to Cairo, to wit, 9 cents, left the Illinois Central road for the haul from Jackson to Cairo, a distance of 366 miles, comes the bridge toll of 2 cents at Cairo, leaving a net rate of 7 cents, which amounts to 3.8 mills per ton per mile.

While the rate per ton per mile yielded by the proportions of the through rates received by the intermediate roads is small, the rate per ton per mile under the total rate to the Ohio, *which the shipper has to pay,* is materially larger. For illustration, taking 80 miles as the average distance from lumber shipping points on the Gulf & Ship Island road to Jackson and the distance from Jackson to Cairo as 366 miles, there is a total of 446 miles, and for this distance the total rate of 16 cents yields a rate per ton per mile of 7.17 mills.

The short line distances from the two representative lumber shipping points, Hattiesburg, Miss., on the New Orleans & Northeastern road, and McComb City, Miss., on the Illinois Central road to Ohio River points, the total rates to those points as advanced and rates per ton per mile, are as shown in the following table:

	From Hattiesburg.			From McComb City.		
To	Miles.	Rates.	Rates per ton per mile.	Miles.	Rates.	Rates per ton per mile.
Cairo	432	16 cts.	7.4 mills.	444	16 cts.	7.2 mills.
Evansville	578	22 "	7.6 "	584	22 "	7.5 "
Louisville	622	21 "	6.7 "	643	21 "	6.5 "
Cincinnati	709	23 "	6.4 "	757	23 "	6. "

Under the rates in force at the time of the advance, April 15, 1903, to wit, 14 cts. to Cairo, 20 cts. to Evansville, 19 cts. to Louisville and 21 cts. to Cincinnati, the rates per ton per mile were as follows:

To	From Hattiesburg. Rates per ton per mile.	From McComb City. Rates per ton per mile.
Cairo	6.4 mills.	6.3 mills.
Evansville	6.9 "	6.8 "
Louisville	6.1 "	5.9 "
Cincinnati	5.9 "	5.5 "

The average of the above rates from Hattiesburg is 6.3 mills per ton per mile and from McComb City 6.1 mills.

Lumber consigned via the Ohio River crossings to interior points north of the River is not always shipped by the short lines, but the rates to such interior points are, as before stated, the lowest combination of the rates to the Ohio plus the rates beyond. The advanced rates per ton per mile by the shortest available lines from representative shipping points in Alabama, Mississippi and that part of Louisiana east of the Mississippi River, to Peoria, Indianapolis, Columbus and Chicago, are as follows:

To	
Peoria	6.45 mills.
Indianapolis	6.77 "
Columbus	6.25 "
Chicago	6.07 "
Average	6.38 "

Lumber is a low class traffic (class 6 under both the Southern and Official Classifications), much below the average classification, but the average rate per ton per mile on lumber originating on the Illinois Central road in 1903 was greater than the average, 5.91 mills, on all traffic. The lumber rates per ton per mile involved in this case are higher than those between numerous other points.

5. There have been from time to time changes or fluctuations in the rate. Prior to 1894 the roads west of the Mississippi claimed and were allowed a differential of 2 cents which neces-

sarily resulted in placing at a disadvantage in the common markets the shippers east of the Mississippi. In order to do away with this, a readjustment of their rates was made by the defendants east of the Mississippi and on May 1, 1894, the rate to Cairo from east of the Mississippi was reduced to 13 cents per hundred pounds, the latter being the rate in force from west of the Mississippi. The shippers from the two territories were thus placed on an equality so far as the *published* rates were concerned. The rate to Cairo remained 13 cents per hundred pounds up to September 9, 1899, a period of about 5 years, when it was advanced to 14 cents. It remained 14 cents from September 9, 1899, until April 15, 1903, nearly 4 years, when the advance of 2 cents complained of in this case was made, thereby increasing the Cairo rate to 16 cents. The rate to the other Ohio River points, Evansville, Louisville and Cincinnati, being, as above stated, based upon the Cairo rate, these changes in the rates to Cairo resulted in corresponding changes in the rates to those points.

6. Mills for the manufacture of lumber are located for the most part on railway lines where they traverse the lumber producing districts. Until the lumber near the mills is cut, the logs are hauled to the mills by teams. When this becomes impracticable, railways built into the timber are used. These railways are called "logging roads." The railway lines west of the Mississippi make a certain allowance to the mill owners for the transportation of the logs over these logging roads to the mills. This is called a "tap line allowance or division." This tap line allowance ranges from 1 and 2 cents per hundred pounds up to as high as 6 cents, and varies to some extent according to the destination of the traffic.

The mills east of the Mississippi located on the lines of defendants have logging roads as well as those west of the Mississippi. The defendants, as a rule, however, make no tap line allowances to those mills. The only exception is the Mobile & Ohio road which does grant such allowance to about four mills located on its line. The New Orleans & Northeastern road has from time to time, beginning with June 28, 1897, put in a tap line allowance of 2 cents per hundred pounds, but the other

roads east of the Mississippi objected and those allowances were withdrawn. There does not appear to be any reason for the allowance of tap line divisions west of the Mississippi which does not apply east of the Mississippi.

The tap line allowance which is paid by the roads west of the Mississippi amounts to a rebate or reduction from the regularly published rate and gives an advantage to the mills west of the Mississippi over those east of the Mississippi, although the published rates from both are the same.

7. The first lumber business east of the Mississippi following the civil war was local. Little, if any, lumber was shipped north of the Ohio River. The manufacture of lumber was then largely for the rebuilding of dwellings and towns which had been destroyed during the progress of the war. There was next the local demand of the railroads for structural and other lumber used by them. In 1875 lumber began to move north of the Ohio and the tonnage of the lumber traffic hauled by the roads has greatly and almost continuously increased from that time to the present. In 1877 and 1878 the demand for lumber north of the Ohio River was greater than the mills could supply and the price was advanced.

The shipments from points on the Louisville & Nashville road in Florida and Alabama to Ohio River points and beyond increased from 2540 cars in 1888 to 7011 cars in 1902 and 6502 cars for the nine months in 1903 ended September 30th.

The shipments in 1903, on April 15 of which year the advance of 2 cents in the rate was made, were largely greater than those of the preceding year, 1902. The shipments to points without the State of Mississippi from the mills of Eastman, Gardiner & Co. (one of complainant's members), at Laurel, Mississippi, on the Southern Railway and at the terminus of the Laurel Branch of the Gulf & Ship Island Railroad, increased from 2712 carloads in 1890 to 3530 in 1903, a gain of 818 carloads.

The movement of lumber via the Southern Railway from points in Florida, Georgia, Alabama and Mississippi and East Louisiana to points on and north of the Ohio River for the 10 months ending October 31, 1902, was 8027 cars, and for the

corresponding period of 1903, 9743 cars, an increase of 1716 cars or 21.3 per cent. The increase for the first quarter of 1903 preceding the advance in the rate was 29.5 per cent and for the remainder of the year following the advance was 18.2 per cent.

For the first 10 months of 1902, there was moved over the New Orleans & Northeastern Railway (part of the Southern Railway system extending from New Orleans through part of east Louisiana and Mississippi to Meridian) 5067 cars of lumber and for the corresponding period for the year 1903, 6039 cars.

The movement of lumber from Alabama, Florida, Georgia, Louisiana and Mississippi through Cairo and Mounds, Illinois, was in 1902, 18,269 cars and during 1903, 20,540 cars, an increase of 2271 cars.

8. The total lumber shipped from Mississippi and that part of Louisiana east of the Mississippi River is approximately 12,300 cars per month or 147,600 cars per annum. Of this 118,000 cars per annum are shipped to interior points and the balance to the seacoast for export. The estimate is that expressed in feet the shipments to the interior amount to about 1,500,000,000 feet.

There is a rich pine region in Alabama between Montgomery and Mobile and a large number of lumber mills, and also mills in Florida and Georgia, but the testimony does not show the total shipments from these mills.

The capital invested in the lumber business exclusive of the lumber in Mississippi, East Louisiana and Alabama is estimated at $5,000,000 and the total annual value of the lumber product at about $16,000,000.

9. The advance of 2 cents per hundred pounds amounts on the aggregate output of the lumber mills to a materially large sum. The average loading per car of 404 cars of lumber shipped from the mills of Eastman, Gardiner & Co., (Laurel, Miss.) during the month of June, 1903, was 43,538 pounds. On this carload the advance is something over $8.70, and on the 404 cars, over $3,514.80. On the 118,000 cars (with the same average carload applied) shipped annually to interior points

from Mississippi and East Louisiana, the aggregate increase in rate would be $1,026,600.

The weight of lumber depends upon whether it is green or dried, rough or manufactured, and also, upon its dimensions. The testimony in this and other cases indicates that the average weight per 1000 feet is approximately 3300 pounds. The advance of 2 cents per 100 pounds on 1,000 feet of this average weight is 66 cents, and on 1,500,000,000 feet, the estimated amount of lumber expressed in feet, shipped from Mississippi and East Louisiana to the interior, it would be $990,000.

If shipments from the lumber districts west of the Mississippi and from those in Alabama, Georgia and Florida be included, the aggregate amount resulting from the advance will, of course, be very much larger.

10. The prices of grades A, B and C, yellow pine lumber, consisting, respectively, of 1st and 2nd flooring (A), common flooring (B) and dimension stuff and timber under 12″ x 12″–30″ (C), in the *Chicago market,* January 1, 1892, and September 30, 1903, were as follows:

Grade.	Prices, January, 1892.	Prices, Sept., 1903.
A	$21.00 to $22.00	$21.00 to $22.00
B	$15.00 to $16.00	$18.50 to $19.50
C	$21.50 to $23.50	$19.50 to $22.00

During the period from January, 1892, to September, 1903, there were many variations in the *Chicago* prices. They appear to have been lowest from 1895 to 1899, both inclusive. The prices for the first quarter of each of those years were as follows:

Grade.	1895.	1896.	1897.	1898.	1899.
A	$14.00	$16.00–$16.50	$12.00	$14.00	$15.00–$15.50
B	$11.00–$11.50	$13.00–$14.00	$10.00	$12.00	$12.50–$13.00
C	$16.50–$17.00	$15.75–$17.00	$15.50	$18.00	$15.00–$17.00

Prices from 1899 to and including September 30, 1903, were as follows:

Grade.	1900. First Quarter.	1901. First Quarter.	1902. First Quarter.	1903. Third Quarter ending Sept. 30.
A	$21.25–$22.25	$19.00–$20.00	$22.50–$23.50	$21.00–$22.00
B	$18.25–$18.75	$16.50–$17.00	$18.50–$19.50	$18.50–$19.50
C	$18.75–$21.25	$18.50–$21.00	$19.50–$22.00	$19.50–$22.00

While the prices in the *St. Louis market* on the different grades and dimensions of lumber fluctuated during the period from January 15, 1900, to April 1, 1903, they were not materially different at those dates. In some instances they were somewhat higher in April, 1903, than in January, 1900, in others lower and in others the same. For example:

	Jan. 15, 1900.	April, 1903.
Flooring, Edge Grain A.	$26.25	$27.25
" " " B.	$24.75	$24.75
" Flat " A.	$20.75	$20.25
" " " B.	$19.75	$19.25
" No. 1 Common	$17.75	$16.25
" No. 2 "	$15.25	$12.25
Partition A.	$22.50	$21.75
Bevel Siding A.	$15.25	$14.00
Common Boards	$17.50	$18.00
Fencing	$16.50	$16.00
Heavy Joists	$17.00	$17.50

The average prices of the lumber sold at the mills of the Gary-Fatherree Lumber Company of Perry, Miss., the J. J. Newman Lumber Company of Hattiesburg, Miss., and the J. E. North Lumber Company of Bond, Miss., were for the periods named, as follows:

Gary-Fatherree Lumber Co.	
From April to December 31, 1900	$12.24
For the year, 1901	$10.45
For the year, 1902	$10.97
From Jan. 1 to Oct. 31, 1903	$12.54
J. J. Newman Company.	
For the year, 1900	$10.89
For the year, 1901	$10.36
For the year, 1902	$11.20
For the ten months ending Oct. 31, 1903	$10.54
J. E. North Co.	
From Jan. 31 to Dec. 31, 1901	$11.52
For the year, 1902	$12.01
For the 10 months ending Oct. 31, 1903	$10.24

The average market and mill prices of lumber do not appear to have materially changed from 1900 to 1903, both inclusive. The mill men have not been able to add the 2 cent advance in

rate to the mill price of their products and that since April 15, 1903, the date of the advance, the profit realized by them has been decreased by the amount of the advance.

11. In estimating the cost incident to the manufacture of lumber, the mill owners examined as witnesses included "stumpage," which is the timber in standing trees without the land. The value of stumpage depends upon its proximity to the mills, being the more valuable the nearer the mill. It varies in price according to its location and quality from $1.00 to about $3.50 per thousand feet. The further items of cost that enter into the manufacture of lumber are labor, management of the business, supplies of all kinds, taxes, insurance and depreciation of the property.

The following are statements for the years ending Arpil 30, 1902, and 1903, respectively, of the average sale price of lumber per thousand feet at the mills of the Fernwood Lumber Company of Fernwood, Miss., the cost of manufacture including stumpage and the profit or difference between the sale price and the cost.

May 1, 1901, to April 30, 1902.

Manufactured feet.	Mill cost per M. incl. $1. stumpage.	Average sale price.	Diff. cost & sales price per M.	Diff. cost & sales price for year.
21,758,871	$9.39	$11.43	$2.04	$44,388.09

May 1, 1902, to April 30, 1903.

Manufactured feet.	Mill cost per M. incl. $2.25 per stumpage.	Average sale price.	Diff. cost & sale price per M.	Diff. cost & sales price for year.
23,296,773	$10.93	$12.35	$1.42	$33,081.41

(The stumpage in the second of the above statements is given at $2.25 because the market price had then advanced to that figure. In the above estimates of cost of manufacture interest is excluded.)

The capital invested in the Fernwood plant is over $598,690. The difference between sales price and cost for the year ending April 30, 1902, $44,388.09, is over 7 per cent on that capital and the difference for the year ending April 30, 1903, $33,081.41, is about 6 per cent on that capital.

At the mills of Eastman, Gardiner & Company (Laurel,

Miss.) the average price per thousand at the mill for the year 1902–3 was $11.77 and the cost of manufacture, including stumpage at $2.50 per thousand, was $10.50, leaving a profit of $1.27 per thousand. The capacity per annum of the mills of Eastman, Gardiner & Company is stated to be 60,000,000 feet and a profit of $1.27 per thousand feet on that capacity would amount to $76,200. The capital invested in those mills, excluding the land, is given at from $600,000 to $700,000. A profit of $76,200 would be 10.88 per cent on a $700,000 investment. The evidence does not show that the mills are run to their full capacity.

Mr. Gardiner, of Eastman, Gardiner & Company, was requested by counsel for the defendants to furnish copies of the annual balance sheets of the company showing the actual profits or results of the business for the years, 1901, 1902 and 1903, but the board of directors of the company refused to allow such copies to be furnished on the grounds that it would be divulging the private business of the company and that such data could have no bearing on the case.

The lumber business has constantly grown since it started. The capacity of the mills of Eastman, Gardiner & Company has been increased from 25,000,000 feet to 60,000,000 feet and their sales were 5,000,000 feet greater up to December, 1903, than for the preceding year, but the average price per thousand was 48 cents less.

12. It is estimated that the annual depreciation or deterioration of mill property is 10 per cent. After the lumber is exhausted the mills are of comparatively little value. Lands from which the timber has been cut are valuable for farming purposes. As the timber has been cut and the country cleared up near the railroad, the development in agriculture and enterprises of all sorts has been material. A number of flourishing towns have grown up between New Orleans and Jackson and elsewhere in the lumber districts. For instance, there is McComb City with a population of 6,000 and smaller towns such as Brookhaven, Crystal Springs, Summit and Hazelhurst. There are also a number of cotton plantations, cotton factories and oil mills. The value of ordinary farming lands in the section of

the country along the railroads where there had been pine forests has grown and varies from $5.00 to $10.00 per acre.

There has not been any falling off in the value of pine lands since the advance in the rate, nor has there been any diminution in the output of the lumber by reason of the advance. The value of the property and the output have not been diminished. The effect has been simply to diminish the net earnings of the mills.

13. Statements introduced by the defendants show increases in wages paid, and in the prices of material and equipment required, by them, such as steel rails, coal, lumber, locomotives, box, flat and coal cars. The statements relate, principally, to the period of 5 years from June 30, 1898, to June 30, 1903.

While there has been a material advance in the cost of steel rails during those five years, the price in 1899 being $20.75 a ton and in 1903, $31.82 a ton, there does not appear to have been any material advance for the last three of those years, the price for 1901 being $31.12, for 1902, $29.97 and for 1903, $31.82.

The cost of coal is stated to have been $1.78 in 1901, $1.76 in 1902 and $1.96 in 1903. From July 1897 to June 1900, the average cost of coal at the mines (coal used by the Illinois Central road) was 85.36 cents and from the latter date up to June 1903, there has been an increase of a little over 10 cents a ton.

As before stated (Finding 10, *supra*) the average market and mill prices of lumber do not appear to have materially changed from 1900 to 1903. The mill prices paid for stringers and bridge ties by the New Orleans & Northeastern Road were the same for both the years, 1902 and 1903, being $15 for stringers and $11.50 for ties, and for guide rails the price in 1902 was $11.00 and in 1903, $12.00 the increase being only in guide rails.

The aggregate amounts paid annually for locomotives, box, flat and coal cars, have increased and also their prices. The aggregate increase is due largely, if not mainly, to the increase in the number bought and the advance in price is due princi-

pally to the finer quality and greater capacity of the equipment used.

There has been a material increase in the total amount of wages paid employees, including engineers, firemen, brakemen, switchmen, trackmen, etc., from 1898 to 1903, which is also attributable to the increase in the number of such employees as well as to an advance in their wages.

The wages of the *employees of the mill companies* have also grown higher and the prices of the supplies required in the manufacture of lumber have advanced. These supplies are to a material extent the same as those used by the railways such, for example, as rails, ties, etc., for the logging roads. It is estimated that during the two years, 1902 and 1903, the cost of the manufacture of lumber increased about 10 per cent.

14. The operating expenses of the carriers have constantly grown larger, but the total annual increases in operating expenses are due, mainly, to the constant growth or enlargement of the business of the roads. This growth in business has resulted from the larger mileage operated, the development and increased prosperity of the country traversed by the roads and from advancement in methods of operation and additions to and improvements in equipment of all kinds. The business of the roads, or the tonnage of traffic transported by them, not only in the item of lumber as heretofore shown, but also in traffic generally, has grown to a most material extent.

While operating expenses have increased for the reasons named, there has also been a constant increase in gross earnings to such an extent that there has been a resultant increase in net earnings.

The following table, the items of which are taken from the reports of the defendants to the Commission, show for the years named as to their respective roads, (1), gross earnings from operation, (2), total operating expenses, (3), percentages of operating expenses to earnings, (4), net earnings, (5), net earnings per mile of road, (6), and total mileage operated.

Roads.		Gross earnings from operation.	Total operating expenses.	Percentage of operating expenses to earnings.	Net earnings.	Net earnings per mile of road.	Total mileage operated.
Ill. Cent. R. R. (line south of Cairo, Ill.).	1890....	$5,644,115	$3,551,310	62.92	$2,092,805	$2,340	894.41
	1903....	16,193,850	10,624,241	65.61	5,569,609	4,051	1,374.71
Increase		$10,549,735	$6,072,931	2.69	$3,476,804	$1,711	480.30
L. & N. R. R. Co. (line south of Ohio river).	1890....	$11,841,865	$6,892,145	58.20	$4,949,720	$3,687	1,342.48
	1903....	33,334,612	22,462,486	67.38	10,872,126	3,322	3,273.26
Increase		$21,492,747	$15,570,341	9.18	$5,922,406	.....	1,930.78
Southern Ry. Co. (line in Va. and Carolinas).	1895....	$9,099,403	$5,868,651	64.50	$3,230,752	$1,474	2,191.63
	1903....	20,803,851	13,833,223	66.49	6,970,628	1,986	3,510.65
Increase		$11,704,448	$7,964,572	1.99	$3,739,876	$512	1,319.02
Southern Ry. Co. (line W. of Va. and Carolinas).	1895....	$7,785,647	$5,428,393	69.73	$2,357,254	$1,071	2,200.31
	1903....	19,073,994	13,984,134	73.32	5,088,860	1,570	3,248.45
Increase		$11,287,347	$8,555,741	3.59	$2,731,606	$499	1,048.14
C. N. O. & T. P. Ry. Co.	1890....	$4,301,515	$2,631,076	61.17	$1,670,439	$4,938	338.26
	1903....	6,153,580	4,431,571	72.02	1,722,009	5,099	337.73
Increase		$1,852,065	$1,800,495	10.85	$51,570	$161	.....

Roads.		Gross earnings from operation.	Total operating expenses.	Percentage of operating expenses to earnings.	Net earnings.	Net earnings per mile of road.	Total mileage operated.
Alabama Great Southern R. R. Co.	1890....	$1,961,247	$1,268,235	64 66	$693,012	$2,345	331.32
	1903....	2,670,646	1,900,748	71.17	769,898	2,488	309.41
Increase		$709,399	$632,513	6.51	$76,886	$143	.....
N. O. & N. E. R. R. Co.	1890....	$1,219,133	$851,854	69.87	$367,279	$1,875	195.90
	1903....	2,273,617	1,592,005	70.02	681,612	3,479	195.90
Increase		$1,054,484	$740,151	0.15	$314,333	$1,604	.....
Mobile & Ohio R. R. Co.	1890....	$2,937,645	$2,016,443	68.65	$921,202	$1,340	687.60
	1903....	6,836,629	5,077,311	74.27	1,759,318	2,013	874.12
Increase		$3,898,984	$3,060,868	5.62	$838,116	$673	186.52
Alabama & Vicksburg Ry. Co.	1890....	$676,449	$476,334	70.42	$200,115	$1,396	143.39
	1903....	1,149,039	818,966	71.27	330,073	2,312	142.78
Increase		$472,590	$342,632	.85	$129,958	$916	.....
Gulf & Ship Island R. R. Co.	1897....	$63,209	$41,011	64.88	$22,198	$317	74.75
	1903....	1,705,047	1,051,687	61.68	653,360	2,603	251.00
Increase		$1,641,838	$1,010,676	.....	$631,162	$2,286	176.25

In the "total operating expenses" in the above table are included expenditures which result in the permanent improvement or betterment of the property of the roads, such as, expenditures for right of way and station grounds, real estate, grading, tunnels, bridges, trestles and culverts, rails, ties, crossings and cattle guards, telegraph lines, station buildings and fixtures, shops, round houses, turntables, water stations, fuel stations, grain elevators, storage-warehouses, docks and wharves, electric light plants and electric motive power plants, gas making plants, and miscellaneous structures. There are also included expenditures for equipment in the way of locomotives and cars of all kinds.

In the following table are shown for the years ended June 30, 1901, 1902 and 1903, expenditures by the roads named for permanent improvements or betterments and also for locomotive and car equipment, which expenditures are included in "total operating expenses." The expenditures for the former are under heading "on account of construction" and for the latter under the heading, "on account of equipment."

STATEMENT OF EXPENDITURES "INCLUDED IN OPERATING EXPENSES," ON ACCOUNT OF CONSTRUCTION AND EQUIPMENT, FROM ANNUAL REPORTS OF THE RAILWAY COMPANIES NAMED FOR THE YEARS 1901, 1902 AND 1903:

Name of Road.	Year Ending June 30— 1901. On account of Construction.	1901. On account of Equipment.	1902. On account of Construction.	1902. On account of Equipment.	1903. On account of Construction.	1903. On account of Equipment.
Southern Railway	.....	.....	.....	.....	$493,358	$1,350,328
Louisville & Nashville R. R.	$1,218,273	$313,525	$1,060,887	$428,220	1,482,550	518,820
Cincinnati, New Orleans & Texas Pacific Ry	355,356	.....	202,674	.....	401,959	.....
Alabama Great Southern R. R.	.....	.....	18,130	.....	113,037	.....
New Orleans & Northeastern R. R.	85,480	40,311	73,154	81,912	196,380	75,858
Alabama & Vicksburg Ry	74,609	72,971	97,669	45,168	73,574	87,546

15. While the 13 cent rate to Cairo was in force from 1894 to 1899, the testimony is that it yielded a profit to the carriers. The same is true as to the 14 cent rate in force from 1899 to the date of the advance, April 15, 1903. This rate of 14 cents appears to be reasonably high when compared with the rates on other kinds of lumber and on yellow pine lumber from other points and when compared with the rates on other commodities which are at all analogous to lumber in respect to value, volume, and the various circumstances and conditions affecting the transportation of traffic.

From 1894 to 1899, under the 13 cent rate, and from 1899 to 1903, under the 14 cent rate, there was a steady annual growth in net earnings of the defendants, with the exception of the Cincinnati, New Orleans & Texas Pacific Railway Company. The net earnings at the beginning and conclusion of each of those periods are shown below:

NET EARNINGS UNDER 13 CENT RATE.

Roads.	1895.	1899.
Southern Ry. Co.	$5,558,006	$8,853,160
Illinois Central R. R. Co.	6,762,382	9,911,408
Louisville & Nashville R. R. Co.	7,052,156	8,250,275
Cincinnati, New Orleans & Texas Pacific Ry. Co.	1,104,591	1,758,931
Alabama Great Southern R. R. Co.	580,075	642,285
New Orleans & Northeastern R. R. Co.	278,098	439,150
Mobile & Ohio R. R. Co.	1,009,393	1,182,238
Alabama & Vicksburg Ry. Co.	151,871	216,154
Gulf & Ship Island R. R. Co.	[1]22,198	110,563

[1]1897.

NET EARNINGS UNDER 14 CENT RATE.

Roads.	1899.	1902.
Southern Ry. Co.	$8,853,160	$12,076,229
Illinois Central R. R. Co.	9,911,408	14,572,907
Louisville & Nashville R. R. Co.	8,250,275	9,851,946
Cincinnati, New Orleans & Texas Pacific Ry. Co.	1,758,931	[1]1,636,797
Alabama Great Southern R. R. Co.	642,285	798,771
New Orleans & Northeastern R. R. Co.	439,150	592,128
Mobile & Ohio R. R. Co.	1,182,238	1,625,019
Alabama & Vicksburg Ry. Co.	216,154	278,956
Gulf & Ship Isuand R. R. Co.	110,563	452,855

[1]Decrease.

NOTE.—Up to September 9, 1899, the earnings were under the 13 cent rate.

16. A large amount of testimony, much of it conflicting, has been introduced in behalf of both the complainant and defendants in relation to the financial history and transactions of the defendants, their capitalization, funded debts, cost of construction, &c., but this testimony does not satisfactorily show either the total cost of construction or the present value of the roads and their property used for the convenience of the public.

The financial condition of the roads appears to have steadily improved for a large number of years up to and including the year 1903, in which the advance complained of was made. The roads were prosperous at the date of and for years prior to the advance; they were doing a largely increased business with, it is true, a largely increased expense, but there was, as a rule with no material exceptions, a constant increase from year to year in *net* earnings. The annual reports of the defendants to the Commission show that dividends have been declared by them, as follows:

The Southern Railway Company has declared dividends for each year from 1897 to 1903, both inclusive, ranging from $543,000, 1 per cent on $54,300,000 of preferred stock, in 1897, up to $4,500,000, 7½ per cent on $60,000,000 of preferred stock, in 1903;

The Illinois Central Railroad has declared dividends for each year from 1888 to 1903, both inclusive, the dividend in 1888 amounting to $2,450,000, and being 3½ per cent on $30,000,000 and 3½ per cent on $40,000,000 of common stock, and in 1903, $5,702,400, 6 per cent on $95,040,000 of common stock;

The Louisville & Nashville Railroad Company has declared dividends for each year from 1899 to 1903, both inclusive, ranging from $1,848,000, about 3.50 per cent on $54,911,520 of common stock in 1899, up to $3,000,000, 5 per cent on $60,000,000 of common stock, in 1903;

The Alabama & Vicksburg Railway Company has declared dividends for each year from 1897 to 1903, both inclusive, ranging from $21,000, 3 per cent on $700,000 of common stock, in 1887, up to $63,000, 6 per cent on $1,050,000 of common stock, in 1903;

The Alabama Great Southern Railroad Company has declared dividends for each year from 1896 to 1903, both inclusive, ranging from $190,571, 5.64 per cent on $3,380,350 of preferred stock, in 1896, up to $309,061, 9.15 per cent on $3,380,350 of preferred stock, in 1903;

The Cincinnati, New Orleans & Texas Pacific Railway Company has declared a dividend for the year 1903, the dividend being $100,000, 5 per cent on $2,000,000 of preferred stock;

In 1903, the Mobile & Ohio Railroad Company declared a dividend of $107,412, 2 per cent on $5,370,600 of common stock;

In 1903, the Gulf & Ship Island Railroad Company declared a dividend of $100,000, 2 per cent on $5,000,000 of common stock.

All of the defendants, which, as above stated, have declared dividends, also report large surpluses earned in addition to such dividends.

The New Orleans & Northeastern Railroad Company appears to have declared no dividends, but reports a growing (with the exception of 1901) surplus for each year from 1900 to 1903, both inclusive, to wit, in 1900, $139,411; in 1901, $90,547; in 1902, $193,045; in 1903, $253,809.

17. The car equipment and yard and shop facilities of the roads were not sufficient to handle with dispatch the large increase in the volume of the lumber traffic and traffic generally during 1902 and the Spring of 1903. The net results to the carriers could have been much improved if the transportation had not been under congested conditions. The congestion was principally at junction points and terminal points. It was greatest at Meridian and Jackson, and involved loss not only to the carrier but to the lumber shipper as well. This condition was not confined to the lumber business or lumber districts but affected traffic generally throughout the country. Notwithstanding the congestion, the gross and net earnings of the roads continued to increase and were very large during the time it prevailed.

The freight transportation equipments and facilities of the roads have now been greatly improved both in quality and

quantity, and also their roadbeds and physical conditions generally. While the money thus spent has been added to operating expenses, the improvements made have not only increased the earning capacity of the roads and consequently their earnings but have also lessened the cost of operation. The testimony of witnesses for the roads is that a decrease in the rates on traffic in general has been "going on throughout the United States" since the improvements in transportation have been put in operation.

18. No special equipment in the way of cars is furnished or required for hauling lumber. It may be moved in open or flat cars, gondola cars or box cars, which are also used in handling other traffic. Open or flat cars and gondolas are used mostly for undressed or rough lumber and for lumber which is too long to be placed in box cars. The box cars are used for the dressed and better classes of lumber. These better classes of lumber would not be loaded in an open, flat or gondola car except in an emergency or unless it was too long for box cars. On the Mobile & Ohio road it is said that 65 per cent of the cars used in transporting lumber are flat or open cars, while on the other roads only about from 15 to 30 per cent of the cars used are flat or open. During the month of March, 1903, said to be a fairly representative month, the total number of lumber cars shipped over the Louisville & Nashville road from Alabama was 649, of which 519, or 80 per cent, were box cars, and the remaining 130, about 20 per cent, were flat and gondola cars. The difference in this respect between the Mobile & Ohio road and the other roads is said to be because the lumber manufactured on the line of the Mobile & Ohio road is not of as high a grade as that on the other roads.

It costs somewhat less and is easier to load with lumber an open than a box car, but the rates on the open cars, while now the same, were formerly higher than on box cars; having been at one time 7 cents higher and afterwards 3 cents. This difference in rates is stated to have been made because box cars are more adapted to other freight besides lumber than are open cars and fewer of the former, therefore, return empty. A large proportion of the box cars come south loaded with grain and

merchandise. The gondolas are used by the roads to a large extent in hauling coal south, but, for the most part, the open or flat cars return empty. The testimony does not show definitely the proportion of cars used in shipping lumber which return empty.

It is necessary that open or flat cars of lumber be equipped with standards, braces and supports, for the purpose of protecting the load and the train, and this equipment is required to be furnished and attached to the car by the shipper. The witnesses for complainant and for defendants vary widely as to the cost of this equipment. Where the Master Car Builders' Association rules as to the nature of the equipment and character of lumber to be used, are complied with, the cost per car, including value of lumber, labor, nails, and freight on weight of equipment, is about $3.50. The standards and other equipment have to be removed at the end of the trip and it is necessary that the shipper attach new equipment for each shipment. This equipment is not necessary where box cars are used. There are similar requirements as to the equipment of open or flat cars used in shipping other commodities which are shipped in those cars, such as structural material, carriages and machinery.

19. Cars transporting lumber are not, as a rule, loaded to their capacity. The greater the proportion of open cars used, the larger is the percentage of loading to the stenciled or marked capacity, because on those cars there is nothing in the way of a box to limit the amount of lumber that can be put upon them. The box cars that are furnished for the movement of lumber are built primarily to handle grain and merchandise and cannot be loaded with lumber to their full capacity unless the lumber is cut of such length as to occupy all the cubical space. The loading more nearly approximates the capacity of the car in case of green than of dry lumber.

The average capacity of 404 cars shipped during June, 1903, from the mills of Eastman, Gardiner & Company (Laurel, Miss.) was 58,767 pounds per car, and the average loading was 43,538 pounds per car, 74.1 per cent of the loading capacity.

The average capacity of 649 cars shipped over the Louisville & Nashville road from Alabama during March, 1903, was

61,225 pounds per car and the average loading was 42,592 pounds, 69.6 per cent of the loading capacity.

The average capacity of 51 cars shipped during December, 1902, from Fernwood, Miss., was 57,909 pounds per car and the average loading 49,411 pounds, 85 per cent of the loading capacity.

The average capacity of 25 cars shipped in 1903, via Illinois Central road, to Niagara was 68,400 pounds and the average loading, 53,133 pounds, 77.6 per cent of the loading capacity.

The average capacity of 41 cars shipped via the Illinois Central road in the years 1891–3 was 43,660 pounds per car and the average loading was 32,719, 75 per cent of the loading capacity.

In the case of green lumber the loading in open cars is sometimes larger than the stenciled capacity of the car. For example, the average loading capacity of 20 open cars shipped from Fernwood, Miss., from March 17 to April 14, 1903, was 74,500 pounds per car and the average loading was 76,320 pounds, being 102 per cent of the loading capacity.

The following table gives the car capacity and actual loading of certain commodities named therein, other than yellow pine lumber:

	No. of cars.	Loading. (Pounds.)	Car capacity. (Pounds.)	Loading percentage of car capacity.
Cypress lumber	17	595,100	738,000	81.11
Oak lumber	8	384,450	490,000	78.47
Cypress shingles	17	716,600	1,060,000	67.75
Sash weights	6	253,868	400,000	63.38
Window glass	9	433,800	610,000	71.00
Cement	20	780,750	1,170,000	66.70
Lime	15	379,400	846,000	44.32
Fertilizer	27	1,089,200	1,630,000	66.79
Cotton seed meal	8	250,000	450,000	55.00
Cotton seed hulls	38	1,047,400	2,228,000	47.00
Live stock	6	138,240	340,000	40.60
Furniture	3	39,800	180,000	22.11
Coal	4	241,700	270,000	89.50
	178	6,350,308	10,412,000	

The above shipments were for the most part over the roads of defendants in 1903.

Lumber shippers make requisitions for cars of certain capacities in order to meet the different orders which are made upon them. When, because of scarcity of equipment, they have not a car of the capacity ordered, the carriers frequently furnish a car of greater capacity. This necessitates underloading on the part of the shipper. For example, a requisition is made for a car of 40,000 pounds capacity to fill an order for that amount of lumber and a 60,000 pounds car is furnished.

20. The tonnage of lumber hauled by the defendants and other roads throughout the United States is very large in proportion to that of other commodities of general use and necessity. From the table below, made up from reports of the roads to the Commission, it appears that the tonnage of lumber transported during the year 1901 was greater than that of all the commodities named therein except bituminous and anthracite coal, and during 1902 and 1903 greater than that of all except bituminous coal.

Item.	1901. Total freight tonnage, originating on road and received from connections. (Tons.)	1902. Total freight tonnage, originating on road and received from connections. (Tons.)	1903. Total freight tonnage, originating on road and received from connections. (Tons.)
Grain	66,252,712	52,257,455	60,484,068
Fruit and vegetables	14,508,551	14,501,968	17,033,868
Live stock	15,667,146	15,477,500	16,460,788
Packing-house products	10,965,039	10,596,670	10,520,098
Anthracite coal	97,472,509	83,720,175	68,350,635
Bituminous coal	223,965,320	255,792,615	289,173,392
Agricultural implements	2,067,739	2,445,955	2,400,600
Household goods and furniture	2,271,990	2,661,909	2,961,648
Cement, brick and lime	23,637,929	28,815,418	33,351,274
Iron, pig and bloom	22,798,053	28,520,310	32,017,786
Iron and Steel rails	7,479,830	10,101,691	10,700,602
Merchandise	43,468,315	47,015,216	55,898,707
Lumber	78,729,180	88,653,853	97,846,984

Lumber is a constant business for the roads throughout the year; it is loaded by the shipper and unloaded by the con-

signee; it is not perishable traffic, and, therefore, does not require rapidity of movement; there is little or no risk incident to its carriage and in case of accident the damage is insignificant.

Conclusions.

1. The question in this case is whether the advance of 2 cents in the rate, effective April 15, 1903, and made applicable south of the Ohio, was justifiable. Prior to the advance, from September 9, 1899, to the date of the advance, nearly four years, the rate to Cairo had been 14 cents and the advance complained of raised it to 16 cents. From September 9, 1899, back to May 1, 1894, a period of five years and four months, the rate had been 13 cents, 3 cents less than the advanced rate. When carriers advance a rate which has been for some time in force, the burden of proof is upon them to show sufficient grounds for such advance. (*Holmes* v. *Southern Ry. Co.* 8 I. C. C. R. 568.) The defendants, recognizing this, seek to justify the advance, first, on the ground that the yellow pine industry was enjoying great prosperity, "that" (in the language of their answer) "profits heretofore and now derived from the mills * * * are unusual and excessively large," and that they (the defendants) had a right to participate in this alleged prosperity.

It is true the lumber business has grown from its inception and was at the date of the advance larger and possibly more prosperous than it had been, but the proof does not show that for the two or three years preceding the advance the prices of the mill products had been materially increased or that the profits realized on the business were "unusual or excessively large." Conceding, however, for argument's sake, that the lumber business had at the date of the advance become phenomenally prosperous and remunerative, this could not justify an advance of a rate already reasonably high.

The test of the reasonableness of a rate is not the amount of the profit in the business of a shipper or manufacturer, but whether the rate yields a reasonable compensation for the service rendered. If the prosperity of the manufacturer is to have a controlling influence, this would justify a higher rate on the

traffic of the prosperous manufacturer than on that of one less prosperous. The right to participate in the prosperity of a shipper *by raising rates* is simply a license to the carrier to appropriate that prosperity or, in other words, to transfer the shipper's legitimate profit in his business from the shipper to the carrier. The increased prosperity of shippers along the line of a railway enlarges the business of those shippers and, as a consequence, both the tonnage of traffic which they receive in their business and which they ship to their customers. In this way the carrier necessarily and justly participates in, or is benefited by, the prosperity of the shipper. This appears to be the case with these defendants as the tonnage of lumber shipped by complainant's members over defendant's lines and the revenue of defendants therefrom have constantly grown in amount.

The question as to the right of a carrier to participate in the prosperity of its patrons was presented to this Commission in *"In re Proposed Advances in Freight Rates,"* 9 I. C. C. R. 405, and in discussing it, we said:

"Carriers insist that inasmuch as the prices of articles transported have advanced the rate ought also to advance; otherwise expressed that they should share in the general prosperity.

"While within the last four years the prices of nearly all commodities of general consumption have materially risen, the freight rate has not advanced to a corresponding extent. If therefore that rate is to be treated as an article of merchandise, it is difficult to see why the position of the carriers is not well taken. It is not, however, properly so regarded. Transportation by rail is a service of a quasi-public nature, not to be sold to the highest bidder, nor subject to the laws of supply and demand. This sufficiently appears from the provisions of the Act regulating commerce, which requires the same rate to be charged all persons and enjoins the publication of that rate."

2. In the next place, it is claimed in justification of the advance in the rate that it was rendered necessary by increases in the operating expenses of the defendants resulting from higher wages paid their employees and higher prices of the material and equipment used by them. The proof shows increases in wages

and in prices of material and equipment but not in a marked degree for the two years, 1901 and 1902, immediately preceding the advance in rate. These increases have doubtless added materially to operating expenses, but the total annual increases in those expenses are, of course, due only in part to the advances in wages and prices of supplies and equipment. They are attributable in a great measure to the constant growth or enlargement of the business of the roads. Not only has the lumber business of the roads greatly increased, but their business in general. The greater the volume of business, the greater is the aggregate cost of conducting it, or, in other words, of operating the roads. The total operating expenses of the roads, as reported by them, have also been much enlarged by the inclusion therein of large expenditures for permanent improvements.

It is to be borne in mind in this connection that the operating expenses of the *mill companies* in the matter of wages and supplies required in the manufacture of lumber have also grown. These supplies are largely the same as those used by the defendant railways, and it is estimated that for the years, 1902–1903, the cost of the manufacture of lumber had increased about 10 per cent.

While the operating expenses of the defendants have constantly grown, the gross earnings from operation have also increased from year to year to such an extent as to have resulted in a constant increase of net earnings. This is shown in the tables set forth in our findings of fact (finding 14).

3. We do not think sufficient cause is shown, either in the alleged large profit in the lumber business or in the increased cost of operating the roads, for the advance in the rate on lumber. But it is further contended in behalf of the defendants that lumber, considering its character and all the conditions incident to the services rendered in its transportation, was not, at the 14-cent rate in force at the date of the advance, yielding its proper proportion of the revenue required by the defendants to meet their expenses—in other words, that that rate as applied to lumber was not a reasonable rate, viewed from the carrier's standpoint, in that it was not adequately remunerative.

The question of the reasonableness in this sense of a rate *on a single article* of traffic is one of almost insuperable difficulty.

In *Smyth* v. *Ames* (*Nebraska Freight Rate Case*, 169 U. S. 466, 42 L. ed. 819, 18 Sup. Ct. Rep. 418), there was involved an entire system of rates applicable to all traffic on the roads in the State of Nebraska and not the rate on a single commodity or article of traffic. In that case the Supreme Court held that the carrier is entitled to earn "a fair return upon the value of that which it employs for the public convenience."

The value of the entire property of a road employed for the public convenience can shed but little, if any, light upon the question whether the rate on a single among thousands of articles of traffic yields its proper proportion of a fair return on that value. The rate on one article of traffic may be reasonably high and the carrier fail to earn a fair return on the value of the entire property employed for the public convenience because of unreasonably low rates on other traffic, and, *vice versa*, the rate on one article of traffic may be unremunerative or unreasonably low and the return to the carrier from its entire business may be fair or reasonably high, the deficiency under the rate on the one article of traffic being made up by the rates on the balance of the traffic.

Even, however, if we be mistaken in this, it is impossible with any degree of accuracy to determine from the voluminous and conflicting testimony on the subject introduced in behalf of both parties in this case, what is the value of the property employed by the defendants for the public convenience. At the outset of an investigation of this question, in the case of a through rate participated in by a number of connecting carriers, it must be determined whether the basis is to be the aggregate value of that which all the parties to the rate employ for the public convenience or the values separately of that which each of them so employs. The value of the property used by each road in the public service differs materially and also the cost of operation; therefore, what would be a fair rate or return for one would not be for another and a fair return upon the aggregate value of the property of all the roads might, and probably would be, unfair to some, if not all, of them individually.

In *"In re Proposed Advances in Freight Rates," supra,* in which this matter was involved, the Commission says:

"But what is the value of a railway? Does not that value depend almost wholly upon the rate which it is permitted to charge? If the rates upon a railway system are reduced without thereby stimulating the movement of traffic the value of the property is diminished. If its rates are advanced without loss of traffic the value of its property is increased. Stated in another way; the value of a railway depends upon what it can earn on the basis of a reasonable rate; and the reasonableness of a rate depends upon the return which it will yield upon the value of the property.

"The court" (in the *Nebraska Freight Rate Case, supra*), "pointed out certain elements which should be taken into account in determining the reasonableness of rates, and these were 'the original cost of construction, the amount expended in permanent improvements, the amount and market value of its bonds and stock, the present as compared with the original cost of construction, the probable earning capacity of the property under particular rates prescribed by statute, and the sum required to meet operating expenses.' The court added that there might be other matters proper to be regarded in estimating the value of the property, and did not indicate the relative importance which was to be assigned to the various matters specified. *It is plain that until there be fixed, either by legislative enactment or judicial interpretation, some definite basis for the valuation of railroad property, and some limit up to which that property shall be allowed to earn upon that valuation, there can be no exact determination of these questions. In the absence of such a standard the tribunal, whether court or Commission, which is called upon to consider this matter can only upon the whole exercise its best judgment."*

4. While the Supreme Court has undertaken to point out "certain elements" to be considered in determining the reasonableness of an entire system of rates, it has not named any as shedding light upon the reasonableness of a rate on a single commodity like lumber. It is evident that such elements are widely variant in the two cases. Where an entire system of

rates is involved, the principal, if not the only question, is, whether the revenue yielded by the rates on all traffic is a fair return on the value of that which is "employed for the public convenience"—a question, the determination of which, as we have shown, can have only a very remote, if any practical, bearing on the reasonableness of a rate on a single article of traffic. On the other hand, where the rate on a single article is in issue, the question (which could not arise in the former case), whether the rate is unjustly discriminatory or unduly preferential, may be presented, and the reasonableness of the rate depends upon the value, volume and other characteristics affecting the transportation of the particular commodity to which it is applied. There are many things disclosed by the evidence and set forth in our "Findings of Facts," which bear directly upon the reasonableness of the particular rate in question in this case (and not upon the rates as a whole of the defendants) and which aid us in arriving at a correct judgment in respect thereto.

5. In the first place, the present advanced rate is the last (up to date) of a series of advances and was made by joint or concerted action of the carriers. It is claimed by them that in advancing the rate, they acted independently, each for itself, but the proof shows conclusively that the advance was the outcome of a concert of action and a previous understanding between the companies. Through their authorized official representatives they conferred with each other repeatedly as to the making of an advance; recognized the fact that, because of competition in common markets between the lumber producing districts served by them, the advance should be from all those districts or none, and finally they all promulgated the advance to take effect at exactly the same time and for exactly the same amount. This concurrence of action was not only between the railway companies, parties defendant in this case, and in relation to the rates charged by them, but was participated in by the lumber hauling roads serving the territories west as well as east of the Mississippi River.

We deem it unnecessary to express an opinion as to whether this concert of action in fixing the advanced rate amounts to

an unlawful agreement under the so-called "Anti-Trust Act" —the enforcement of that act being a matter properly cognizable by the courts. It is clearly, however, within the scope of our authority and duty to consider this joint or concerted action of the defendants in the aspect of its bearing upon the reasonableness and validity of the advanced rate, the result of that action. Where rates are established by concert of action and previous understanding between the carriers, it is manifest, whether or not there be a binding agreement to maintain such rates, that the element of competition is eliminated. Concert of action is wholly inconsistent with competition and, during the time the rates fixed by concert of action are maintained, the effect, so far as competition is concerned, is the same as if there was a binding agreement to maintain such rates.

Competition is favored by the laws. The object of the pooling section (Section 5) of the Interstate Commerce Act is to prevent "any contract, agreement, or combination" between otherwise competing carriers by which competition between them may be done away with. In *East Tenn., Va. & Ga. Railway Co.* v. *Interstate Commerce Commission,* it is said, "The Interstate Commerce Law, it is conceded, was intended to encourage normal competition. It forbids pooling for the very purpose of allowing competition to have effect." (99 Fed. Rep. 61). The Supreme Court holds that the suppression of competition is violative of the so-called "Anti-Trust Act," in that, such suppression restrains trade and commerce by "keeping rates and charges higher than they might otherwise be under the laws of competition." (*Joint Traffic Association Case,* 171 U. S. 569, 571, 577, 43 L. ed. 287, 288, 290, 19 Sup. Ct. Rep. 25; *U. S.* v. *Freight Association,* 166 U. S. 341, 41 L. ed. 1027, 17 Sup. Ct. Rep. 540.)

The ground upon which competition is favored is that it conduces to the reasonableness of rates or to the protection of the public from unreasonably high or excessive rates. In *United States* v. *Freight Association, supra,* the Supreme Court says, "competition will itself bring charges down to what may be reasonable" (166 U. S. 339, 41 L. ed. 1027, 17 Sup. Ct. Rep. 540). The Act to regulate commerce (section 1), in pro-

hibiting unreasonableness of rates, in effect forbids whatever conduces to such unreasonableness. In any event, it is incumbent upon this Commission, when the reasonableness of rates is in issue before it, to consider how those rates were brought about—whether they are the product of untrammeled competition or the result of a concert of action or combination between the carriers establishing and maintaining them. The advanced rates complained of cannot be claimed to be the outcome of competition, because "the natural, direct and immediate effect of competition is to lower" (171 U. S. 577, 43 L. ed. 290, 19 Sup. Ct. Rep. 25), rather than advance, rates. The advanced rates must be presumed to be higher than rates which unrestrained competition would produce.

6. As we have seen, the 14-cent rate in force at the date of the advance had been maintained nearly four years and a still lower rate, 13 cents, had been maintained for the preceding five years and four months. "The continuance of a given rate is not conclusive evidence of the reasonableness of that rate; but when a railway company advances a rate which has been for some time in force, the fact of its continuance is *in the nature of an admission* against that company which tends to show the unreasonableness of the advance." (*Holmes* v. *Southern Ry. Co., supra.*) In addition to this *quasi* admission, we have the testimony of the officers of the defendants that there was a profit to the defendants in the lumber traffic while the 13-cent rate was in force and also a profit while the 14-cent rate was in force. The defendants in their answer say, "Respondents admit that under previously existing rates lumber was carried at a profit, but respondents aver that it *was not an exceedingly profitable commodity.*" No reason is given or shown why lumber should be singled out as a commodity upon which an "exceedingly" large profit should be earned. A reasonable profit is all the defendants are entitled to and the testimony is far from convincing us that the profit under the 14-cent rate was not reasonable or would not now be reasonable. As stated in our "Findings of Facts," the 14-cent rate appears to be reasonably high when compared with the rates on other commodities which are at all analogous to lumber in respect to value, volume and

the various conditions affecting the service of transportation. During the period from 1894 to 1899, while the 13-cent rate was operative, there were large annual increases in the net earnings of the defendants and the same was the case from 1899 to 1903 while the 14-cent rate was operative (Finding 15). During those periods there was also a large growth in the tonnage of lumber hauled by the defendants and, therefore, their increases in net earnings were in part, at least, derived from the lumber traffic under those rates. Dividends have been declared during those periods and in addition considerable surpluses have been reported (Finding 16) and large sums have been invested in permanent improvements or betterments (Finding 14).

7. The defendants, other than the originating roads, complain of the small amount of revenue or low rate per ton per mile realized by them out of their proportions of the through rates. This is due to the large allowances out of the rates made to the originating roads. (See Findings 3 and 4.) Those allowances commenced under the lower rates in force prior to the advance and raise the presumption that those lower rates minus the allowances were then considered reasonably remunerative for the remainder of the hauls to the Ohio River crossings. As the 2 cents advance goes entirely to the roads continuing the transportation on to the Ohio and none of it to the originating roads, the inference is that advance was made solely with a view of increasing the proportions of the former roads. If the allowances to the originating roads are unreasonably large, as they appear to be from a distance standpoint, and result in unreasonably low proportions to the other roads, this can not be remedied by an advance in the total through rates *charged the public*. It is the total rate, and not its proportions, which is in issue.

8. Although both the net and gross earnings of the defendants have grown from year to year, the percentages of what are reported by the defendants as "operating expenses" to earnings have also somewhat increased (Table, finding 14), and this is urged as showing the necessity for an advance in the lumber and some other rates. It is to be noted, that these operating

expenses embrace large annual expenditures for real estate, right of way, tunnels, bridges and other strictly permanent improvements and also for equipment, such as locomotives and cars (Finding 14). While payments for repairs, whether applied to permanent improvements or equipment, are properly chargeable to current annual operating expenses, this would not appear to be the case as to the improvements or equipment themselves—the former being permanent and the latter lasting for many years. The expenditures for permanent improvements and for equipment made in a single year may obviate the necessity for like expenditures or expenditures to the same extent for many years to come and the extraordinary amount of such expenditures made by the defendants in a few years preceding and including the year of the advance in rate indicates that they will not be required again for a long period of time. They should not, therefore, be taxed as part of the current or operating expenses of a single year, but should be, so far as practicable and so far as rates exacted from the public are concerned, "projected proportionately over the future." If these large amounts are deducted from the annual operating expenses reported by the defendants, it will be found that the percentage of operating expenses to earnings has in some instances diminished and in others increased to no material extent.

9. The published rate to Cairo in the territory west of the Mississippi River, embracing that part of Louisiana west of the river, Arkansas and Texas, is the same as the published rate from the territory east of the Mississippi served by the defendants, but, the roads in the former territory make an allowance called a "tap line allowance" to the millers of 2 cents and over per hundred pounds for the hauling by their "logging roads" of the lumber from the forests to the mills. This is equivalent to a rebate or reduction from the published rate. Of the defendants, only the Mobile & Ohio makes such allowance. The giving of this rebate by that road and by the roads west of the Mississippi is in the nature of an admission, or raises a strong presumption, that the published rate less the rebate is a reasonably remunerative rate. The rebate was allowed by the Mo-

bile & Ohio and roads west of the Mississippi under the rate in force at and prior to the date of the advance, April 15, 1903.

The question, whether allowances from the published rate made by the roads west of the Mississippi to logging roads or "tap lines," as they are called, owned or controlled by the lumber mills, constituted departures from such published rate in violation of the Act to regulate commerce as amended February 19, 1903, was presented for decision by this Commission in the case of *The Central Yellow Pine Association* (complainant in the present case) v. *The Vicksburg, Shreveport & Pacific Railroad Co.* (10 I. C. C. R. 193), and it was held, that the published rate must be strictly observed; that the defendants were not authorized under the law "to grant a division of the rate to the owner of a lumber mill as compensation to him for the cost of bringing his logs to the mill by steam railroad, horse railroad, wagon, or any other means of conveyance;" and that a common carrier subject to the provisions of the Act to regulate commerce can "allow a division of rates *only to another* common carrier which, participating in the particular traffic to which the rate is applied, *is also subject to those provisions.*" Where both roads are common carriers, it is said "the two lines may by contract or agreement establish a joint rate from the point of origin on the one road to the point of destination on the other and agree between themselves as to divisions of the rate;" and further that, "treating the transportation, first of the log to the mill and then of the lumber to destination, as a through shipment, involves the *right to mill in transit*, and, when that privilege is granted, the tariff should show on its face that the transportation covers carriage of the log to and the lumber from the mill and the division allowed the carrier of the log should be named in all cases."

The logging roads or "tap lines," to the owners of which the Mobile & Ohio road makes allowances out of the published rate from the mills to destinations, do not appear to be common carriers, or carriers for the public, subject to the provisions of the Act to regulate commerce, but the private property of the mill owners used for hauling logs to their mills. Those allowances

are, therefore, unlawful under the rule laid down in the above decision.

The facts, that the roads west of the Mississippi make tap line allowances to mill-owners in their territory and the defendants (with the exception of the Mobile & Ohio road) do not make such allowances to the mill owners in their territory east of the Mississippi and that this results in placing the latter at a disadvantage in the common markets, does not constitute an undue preference for which the defendants in this case are liable under the Act to regulate commerce. The third section of that Act, which prohibits undue preferences between individuals and localities, is not violated by the failure or refusal of the defendants to make tap line allowances to the mill owners in their territory while such allowances are granted the mill owners by other carriers in a different territory or section of the country. (*Central Yellow Pine Association* v. *Vicksburg, Shreveport & Pacific R. Co., supra*). While, however, this is true, there does not appear to be any reason for making these allowances west of the Mississippi River which does not equally apply east of the river and, if the rate west of the river is reasonable *minus* the allowances, this is persuasive, or gives color to the proposition, that after a similar reduction the rates east of the river would still be reasonably high. The Mobile & Ohio road by voluntarily making the allowance east of the river practically concedes this proposition as to itself.

10. The general rule is, the greater the tonnage of an article of traffic, the lower is the rate. No rule is more firmly grounded in reason or more universally recognized by carriers. It is because of the greater density of traffic north of the Ohio River in Central Freight Association Territory and in Eastern Territory that rates in general are materially lower in those territories than in Southern Territory. The defendants have made yellow pine lumber an exception to this rule; while the *tonnage* in general of the defendants and lumber tonnage in particular have grown greatly, the lumber rate has not been lowered but has been materially advanced. Moreover, the testimony is that "a decrease in the rates on traffic in general has been going on throughout the United States since the improve-

ments in transportation have been put in operation;" here, again, lumber has been taken from under, and deprived of the benefit of, the general rule.

11. As said in *Marten* v. *L. & N. R. R. Co.* (9 I. C. C. R. 589) and shown by the proof in this case, "lumber is an inexpensive freight and only a few other commodities furnish to carriers so large a tonnage." The lumber business is constant, yielding the carriers revenue all the year; no special equipment is constructed or furnished for its carriage; it is loaded by the shipper and unloaded by the consignee, and where open cars are furnished, the shipper is required at considerable expense to equip them so as to protect the load and the train; there is small risk incident to its transportation and, in case of accident, the damage is insignificant. For these reasons lumber should be given rates which are relatively low.

Our conclusion on the whole is that the advance, April 15, 1903, of 2 cents in the Cairo rate (with a corresponding increase in the rates to the other Ohio River crossings) was not warranted under all the facts in evidence and that the resultant increased rate is unreasonable and unjust. An order will be issued in accordance with these views.

KNAPP, *Chairman,* and FIFER, *Commissioner,* dissenting:

In the view we take of this case the conclusions of our associates are not justified by the facts and circumstances appearing in the record or otherwise entitled to consideration. Holding that the rates complained of have not been shown to be in violation of law we respectfully dissent from the foregoing report and opinion.

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At a general session of the Interstate Commerce Commission, held at its office in Washington, D. C., on the 7th day of February, A. D. 1905.

Present: Hon. Martin A. Knapp, chairman, Hon. Judson C. Clements, Hon. James D. Yeomans, Hon. Charles A. Prouty, Hon. Joseph W. Fifer, commissioners.

THE CENTRAL YELLOW PINE ASSOCIATION,
v.
THE ILLINOIS CENTRAL RAILROAD COMPANY; THE Gulf & Ship Island Railroad Company; The Southern Railway Company; The Mobile & Ohio Railroad Company; The New Orleans & Northeastern Railroad Company; The Alabama Great Southern Railroad Company; The Cincinnati, New Orleans & Texas Pacific Railway Company; The Alabama & Vicksburg Railway Company; The Louisville & Nashville Railroad Company; The Mobile, Jackson & Kansas City Railroad Company.

This case being at issue upon complaint and answers on file, and having been duly heard and submitted by the parties, and full investigation of the matters and things involved having been had, and the Commission having, on the date hereof, made and filed a report and opinion containing its findings of fact and conclusions thereon, which said report and opinion is hereby referred to and made a part of this order:

It is ordered that the advance of 2 cents per 100 pounds established by the defendant, the Louisville & Nashville Railroad Company, on June 22, 1903, and by the other defendants herein on April 15, 1903, over rates previously in effect for the transportation of lumber in carloads from shipping points on defendants' respective lines in the State of Louisiana east of the Mississippi River, and in the States of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo, and other points on the Ohio River, commonly called and known as Ohio River points, which said advance has since been maintained and enforced by the defendants, was and is excessive, unreasonable, and unjust, and in violation of the provisions of the act to regulate commerce; and that the rates and charges resulting from the said advance (which said rates are more specifically referred to in said report and opinion) are also excessive, unreasonable, and unjust, and in violation of the provisions of the act to regulate commerce; and that the defendants, the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans

& North Eastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, the Louisville & Nashville Railroad Company, and the Mobile, Jackson & Kansas City Railroad Company, be, and each of them is hereby, notified and required to cease and desist on or before the first day of April, 1905, from further maintaining or enforcing the said unlawful advance of 2 cents per 100 pounds, or the said unlawful rates resulting therefrom, for the transportation of lumber as aforesaid.

And it is further ordered that a notice embodying this order be forthwith sent to each of the defendant corporations, together with a copy of the report and opinion of the Commission herein, in conformity with the provisions of section 15 of the act to regulate commerce.

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IN THE

Supreme Court of the United States,

OCTOBER TERM, 1906.

No. 588.

THE ILLINOIS CENTRAL RAILROAD COMPANY, et al.,
Appellants,

vs.

INTERSTATE COMMERCE COMMISSION,
Appellee.

Appeal from the Circuit Court of the United States for the Eastern District of Louisiana.

Argument of ED. BAXTER,
Of Counsel for Appellants.

FOSTER, WEBB & PARKER, NASHVILLE

The L. & N. R. R. has purchased since February, 1904, about 100 locomotives at an increased cost of not less than $250,000 for the same class of locomotives.

Compton, Trans., Vol. I, pp. 171, 172, 178.

The price of locomotives has advanced 25 to 30 per cent since February, 1904.

Compton, Trans., Vol. I, p. 178.

The following have been some of the increases on the N. O. & N. E. R. R. since February, 1904:

Coal	6 per cent
Trackmen	10 to 15 per cent
Through freight conductors	8 per cent
Woodworkers in shops	8 per cent
Painters	4 per cent
Cleaners	10 per cent
Laborers	14 per cent

Steele, Ex. A A, Trans., Vol. I, p. 378.

L

The Mere Fact that There Has Been an Increase in the Gross Earnings of a Railway is No Indication of its Financial Prosperity.

His Honor, Judge Speer, said:

"It is true, as insisted, that the operating expenses of the railroads have grown larger, and the percentage of operating expenses to gross earnings has increased. But it is also true that both gross and net earnings have steadily

increased." . . . "It is true counsel for the railroads insist that their net revenue did not increase in proportion to their gross earnings, but in the nature of things, this is not to be expected of any business."

138 Fed. Rep., pp. 765, 766, Tift v. Southern Ry. et al.

It is manifest that a mere increase in the annual gross earnings of a railroad is no indication of its financial prosperity; because, if its operating expenses have also increased so that they equal the gross earnings, the railroad and its equipment have been subjected to a year's wear and tear, in the service of the public, without the company deriving any profit at all from its operation.

It is also manifest that a mere increase in the annual net earnings of a railroad is no indication of an improvement in its financial condition; because though the annual net earnings may have increased, yet if they have not increased in the same proportion as the gross earnings have increased, the railroad and its equpiment have been subjected to a year's wear and tear in the carriage for the public of a largely increased traffic but at a materially reduced ratio of profit.

To illustrate: Suppose that during the fiscal year 1903 the gross earnings of a certain railroad were $5,000,000, and the net earnings were $1,500,000. In that case the net earnings would amount to 30 per cent of the gross earnings, which is about the average normal relation which the railway net earnings bear to gross earnings in the territory involved in this complaint.

Statistics of Rys. in U. S., 1903, p. 95.
Statistics of Rys. in U. S., 1904, p. 97.

Suppose that during the fiscal year 1904 the gross earnings of said railroad were $6,000,000, and that the net earnings were $1,600,000. Now, if the percentage of net earnings to gross earnings had been the same in 1904 as it was in 1903 (i. e., 30 per cent), the net earnings in 1904 would have been $1,800,000, whereas they were only $1,600,000; and therefore though both the gross and net earnings increased in the year 1904, the company's net earnings in 1904 were $200,000 less than they would have been if the per cent of net to gross earnings had been as great in 1904 as it was in 1903.

Or, to state it differently, it will be seen that while in the year 1904 the gross earnings increased $1,000,000 the net earnings increased only $100,000; and therefore, the percentage which the increase in net earnings bore to the increase in gross earnings was only 10 per cent; whereas the average normal per cent of net to gross earnings is, as shown above, 30 per cent.

In other words, in order to compare the profitableness of one year's operation with another, the comparison must be made not between the amount of gross earnings or the amount of net earnings, but between the percentage which the increase in net earnings bears to the increase in gross earnings.

LI.

Railroads May Lawfully Graduate their Charges in Proportion to the Prosperity of the Industries Whose Products they Transport.

His Honor, Judge Speer, said:

"They (the railroads) have no right to graduate their charges in proportion to the prosperity which accrues to industries whose products they transport."

138 Fed. Rep., p. 767, Tift v. Southern Ry.

The position taken by His Honor is directly opposed to that taken by the Commission, In Re Proposed Advances in Freight Rates (9 I. C. Rep., pp. 386, 439), where the Commission said:

"Where reductions have been made by reason of commercial depression it is difficult to see why corresponding advances may not with propriety occur when that depression is relieved."

In the majority report and opinion in the Tift case, 10 I. C. Rep., p. 561, the Commission said:

"After the advance in rates from Georgia points, June 22, 1903, there was a material falling off in the shipments of lumber to the West, or points on and north of the Ohio River."

The fact that there had been such a falling off in shipments was one of the main grounds relied upon by the majority for holding that said increase was unreasonable.

The railways defendant in the Tift case insisted before the Commission that said falling off in shipments was only temporary; that it was due to a temporary stoppage of the manufacture of railroad cars and equipment (which had consumed from 60 to 80 per cent of the Georgia lumber shipped to the West); and that as soon as the Presidential election should be over and business conditions become settled, the manufacture of railroad cars and equipment would be resumed, and the demand for lumber restored.

The supplemental affidavits in the Tift case, taken in the U. S. Circuit Court, after that case had been decided by the Commission, showed that the defendants were right in their prediction; and thereby one of the main objections waged against said so-called advance by the majority of the Commission in the Tift case was entirely removed.

His Honor, Judge Speer, in effect conceded that the prediction of the defendants was fulfilled, because in speaking of the change in the circumstances and conditions which occurred soon after the decision of that case by the Commission, he said:

"For well-known causes of a political nature, there had been a great and enthusiastic revival in the business, enterprise, and confidence of the country. A great demand for yellow pine lumber had grown up in all sections. Builders felt themselves obliged to have it, whatever the price, and whatever the rate, and large shipments were made on the advanced rates. This is plainly enough shown by the numerous supplemental affidavits offered by the complainants and received as evidence."

138 Fed. Rep., p. 766, Tift v. Southern Ry. et al.

In the petition filed before the Commission in the case of Central Yellow Pine Association v. Illinois Central Railroad Company et al., the order in which is sought to be enforced in the present litigation, complainants averred that the increase of 2 cents per hundred pounds complained of was "highly injurious to the business of complainants and others similarly situated," and rendered "practically inaccessible their available markets."

Trans., Vol. I, p. 8.

It is thus seen that the contention made before the Commission in the Central Yellow Pine Association case, as to the effect of the increase, was substantially the same as that made in the Tift case, but the depositions taken in the Circuit Court on behalf of the appellants show conclusively that the contention made before the Commission as to the effect of the increase is unsound, and that the lumber business in the Mississippi territory has, notwithstanding the increase, undergone a wonderful revival; that the mills are not able to supply the demand; and that prices of lumber are today higher than they have been since 1891, which is as far back as the statistics of prices comprised in the record in this case go.

Mr. Enochs, whose testimony has been hereinbefore cited, is a prominent lumberman who has been engaged in the lumber business ever since 1873. He testifies that the present prices of lumber are higher than he has ever known them to be in the past; and that the present demand for lumber is greater than he has ever known it to be.

Trans., Vol. I, p. 406.

LII.

In Considering the Reasonableness of the Increase, the Enormous Expenditures which Defendants Have Been Forced to Make in Recent Years Should be Given Due Weight.

In the majority report and opinion of the Commission in the Tift case, 10 I. C. Rep., p. 573, the Commission said:

"There was a long period of business depression in the South during which the roads not only could not make improvements in their equipment, roadbed and other property, but were also unable to maintain their equipment and various properties in proper or first class condition. When that period passed away, unusual expenditures were required for new engines, new car equipment, the replacing of worn-out rails and in other ways necessary to put the roads in proper condition and enable them to handle their largely increased business."

And upon the same subject, His Honor, Judge Speer, said:

"Where formerly asthmatic engines, attached to unsafe and noisome trains, through the solitudes of an impoverished country, like a wounded snake, dragged their slow length along, now we behold on massive rails of gleaming steel, on roadbeds of granitic ballast, successive sections of long freight trains sturdily steaming through a prosperous land, smiling with luxuriant crops, beautiful with neat and happy homes, the chimneys of great factories giving employment to thousands, almost marking the miles; or the

admiration kindles and the pulse leaps as the limited express laden with its human freight glances by on its mission of progress and civilization."

138 Fed. Rep., p. 767, Tift v. Southern Ry. et al.

When it is remembered that the millions of dollars required to make said improvements and repairs have been deducted from gross earnings, and thereby reduced the net earnings which otherwise would have gone to the railroad stockholders, it will be seen that said improvements and repairs, which have contributed so much to the prosperity of the country, were made at the sole expense of the stockholders, who have no possible means of reimbursing themselves, except by such slight increases in their rates, as will, to some extent, restore the normal percentage which net earnings should always bear to gross earnings, and yet not interfere with the free and profitable movement of the traffic of the country.

LIII.

THE "FINDINGS OF FACT" MADE BY THE COMMISSION IN THE CASE AT BAR ARE NOT CONCLUSIVE ON THIS COURT.

"Findings of fact" are not even *prima facie* evidence, unless the inquiry made by the Commission be conducted "on a proper basis."

162 U. S., p. 235, T. & P. Ry. v. I. C. C.

"Findings of fact" must be made "upon a full consideration of all the circumstances and conditions upon which a legitimate order could be founded."

162 U. S., p. 238, T. & P. Ry. v. I. C. C.

175 U. S., p. 676, L. & N. R. R. v. Behlmer.

"Findings of fact" must be made "in the light of all facts duly alleged and supported by competent evidence."

162 U. S., p. 238, T. & P. Ry. v. I. C. C.
175 U. S., p. 676, L. & N. R. R. v. Behlmer.

If the Commission exclude facts and circumstances that ought to have been considered, or if it "unduly restricts its inquiries," the "findings of fact" are not *prima facie* evidence.

162 U. S., pp. 235, 239, T. & P. Ry. v. I. C. C.

The inquiry made by the Commission in the case at bar was not conducted "on a proper basis;" it was not made "upon a full consideration of all the circumstances and conditions upon which a legitimate order could be founded;" and it was "unduly restricted in its scope;" as herein before shown in this argument.

The fact that the Court is authorized to "hear and determine the matter as a court of equity" necessarily implies that the Court is not concluded by the findings or conclusions of the Commission.

162 U. S., p. 239, T. & P. Ry. v. I. C. C.
168 U. S., p. 175, I. C. C. v. Ala. Midland Ry.
50 Fed. Rep., 304, I. C. C. v. A. T. S. F. R. Co.
49 Fed. Rep., 180, I. C. C. v. L. V. R. Co.
37 Fed. Rep., pp. 613, 614, K. & I. Bridge Co. v. L. & N. R. R.

There is power in the Circuit Court and the Circuit Court of Appeals 'to consider and apply the evidence," and in this Court to review their decisions.

168 U. S., p. 174, I. C. C. v. Ala Midland Ry.

LIV.

The Finding Made by the Commission on a Mixed Question of Law and Fact is not Entitled to as Much Weight as the General Verdict of a Jury.

It has been said by this Court that the question whether a rate is reasonable, is a question of "fact."

162 U. S., 196, C. N. O. & T. P. Ry. v. I. C. C.
162 U. S., 219, 227, 235, 238, T. & P. Ry. v. I. C. C.
175 U. S., 676, L. & N. R. R. v. Behlmer.
181 U. S., 28, E. T. V. & G. Ry. v. I. C. C.

It is manifest, however, that the Court did not intend to say that the question whether a rate is reasonable is one of "pure fact;" and that all the Court intended to say was that it is a question of "fact mixed with law."

Some questions involve "pure matters of fact, unmixed with any element of law;" while other questions involve matters of fact in which are mixed certain elements of law; and the latter are known as "questions of mixed law and fact."

Bliss' Code Pldg, 208.

Thus, the question of fraud is one necessarily compounded of fact and of law.

123 U. S., 432, 433, Jewell v. Knight.

And so the questions of "negligence" and 'reasonableness," are mixed questions of law and fact.

88 Fed. Rep., p. 448, Dooley v. Pease.

It has been said by this Court that "the general verdict

of a jury *concludes* mixed questions of law and fact, except so far as they may be saved by some exception which the party has taken to the ruling of the courts upon a question of law."

112 U. S., p. 674, Martinton v. Fairbanks.
9 Wall., p. 127, Norris v. Jackson.

But a finding of facts made by the Commission does not "conclude" either pure questions of fact, or mixed questions of law and fact; because the Act to Regulate Commerce expressly enacts that a finding of facts made by the Commission shall be only *prima facie* evidence.

37 Fed. Rep., 613, K. & I. Bridge Co. v. L. & N. R. R.
62 Fed. Rep., 693, Shinkle, Wilson & Kreis Co. v. L. & N. R. R.

In other words, while the general verdict of a jury *"concludes"* a mixed question of law and fact, a finding made by the Commission is only *prima facie* evidence of such matters of "pure fact," as may be involved in the question.

There is a substantial reason why Congress did not permit a finding by the Commission to have the conclusive effect of a general verdict by a jury on a mixed question of law and fact.

Every mixed question of law and fact necessarily involves matter of law; and every litigant has the right to have all matters of law decided *by the Court.*

In the case of a general verdict by a jury either party may readily obtain the judgment of the Court on any matter of law that may be involved in a mixed question of law and fact.

This may be done in one of four modes:

First: Either party may request the Court to give the jury proper instructions as to the rules and principles of law by which they are to be governed in their determination of the question.

Second: Or either party may request the Court to inform the jury hypothetically, whether or not the facts which the evidence tends to prove will, if established in the opinion of the jury, satisfy the allegation in the pleading.

Third: Or either party may request the Court to instruct the jury to find the facts specially; and then the Court will apply the law, and pronounce whether or not the facts so found are sufficient to support the averments of the parties.

Fourth: Or either party may present to the Court their propositions of law, and require the Court to rule on them.

1 Head (Tenn.) 616, 617, Whirley v. Whiteman.
9 Wall., 128, 129, Norris v. Jackson.
52 Mo., 207, 209, Fourth National Bank v. Heuschen.
19 Am. and Eng. Enc. of Law, p. 633.

But in proceedings before the Interstate Commission it is impossible for a party to ever obtain the judgment of any court upon the matter of law involved in a mixed question of law and fact; if the finding made by the Commission on that question be given as conclusive effect as is given to the general verdict of a jury.

LV.

The Finding Made by the Commission on a Mixed Question of Law and Fact is Not Entitled to as Much Weight as the General Finding of a Court.

Under the fourth section of the act of March 3, 1865, when the parties waive a jury, a general finding of the Court upon the facts has the same effect as the general verdict of a jury; and where the general finding of a Court includes a mixed question of law and fact it is as conclusive as the general verdict of a jury, except so far as the matter of law involved in the question may be saved by some exception which the party has taken to the ruling of the Court on the law.

9 Wall., 127, 128, Norris v. Jackson.

12 Wall., 297, Miller v. Life Ins. Co.

But, where the finding of a trial court is general, either party may readily obtain the judgment of the Appellate Court on any matter of law that may be involved in a mixed question of law and fact.

This may be done in one of four ways:

First: Either party may object to the admission or exclusion of evidence and require the trial Court to rule on the objection.

Second: Or either party may present to the trial Court his propositions of law and require the Court to rule on them.

Third: Or either party may ask for definite ruling by the Court as to whether all the evidence is sufficient in law to warrant a finding in his favor.

Fourth: Or either party may get the trial court to make a special finding, which raises the legal propositions.

9 Wall., 128, 129, Norris v. Jackson.
12 Wall., 297, Miller v. Life Ins. Co.
112 U. S., 672, 673, Martinton v. Fairbanks.

When the verdict of a jury is special, or the finding of facts by a court is special, such a verdict, or finding, "raises the legal propositions" involved in a mixed question of law and fact, and the power of review by this Court extends "to the determination of the sufficiency of the facts found to support the judgment."

9 Wall., 128, 129, Norris v. Jackson.
12 Wall., 297, Miller v. Life Ins. Co.
112 U. S., 672, 673, Martinton v. Fairbanks.

It will be seen, therefore, that whether the verdict of a jury or the finding of a Court be general or special, either party can compel the separation of matter of law from matter of fact involved in a mixed question of law and fact, and demand the judgment of the Court upon so much of the question as consists of matter of law. But, according to the contention of appellee, the finding of the Commission on the mixed question of law and fact as to the reasonableness of a rate is conclusive on the matter of law involved in the question, and neither this nor any other Court can review the judgment of the Commission on such matter of law.

To paraphrase the language of this Court in C. M., etc., Ry. v. Tompkins, 176 U. S., p. 172, when we recall that, as estimated, over ten thousand millions of dollars are invested in railroad property, the proposition that such a vast

amount of property is beyond the protecting principle which insures to every one else the judgment of the *courts* upon all questions of *law*, is one which cannot be tolerated.

Respectfully submitted,

ED. BAXTER,
Counsel for Appellants.

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IN THE

Supreme Court of the United States,

OCTOBER TERM, 1906.

No. 588.

THE ILLINOIS CENTRAL RAILROAD COMPANY, et al.,
Appellants,

vs.

INTERSTATE COMMERCE COMMISSION,
Appellee.

Appeal from the Circuit Court of the United States for the Eastern District of Louisiana.

Argument of ED. BAXTER,
Of Counsel for Appellants.

STATEMENT OF CASE.

The above entitled case was originated by a petition filed before the Interstate Commerce Commission by the Central Yellow Pine Association against the appellants, the Illinois Central Railroad Company and others.

A majority of said Commission sustained said petition, and made a certain order against the appellants.

Said appellants, conceiving said order to be illegal, de-

clined to obey it; and said Commission filed a petition in the Circuit Court of the United States for the Eastern District of Louisiana to enforce said order.

Said Court decreed the enforcement of said order, and appellants appealed to this Court.

I.

Proceedings Before the Commission—The Petition.

The Central Yellow Pine Association, a voluntary association composed of the fellowing persons, firms and corporations, viz: Amos Kent Lumber & Brick Co., Kentwood, La.; Banner Lumber Co., Kentwood, La.; Sutherland-Innes Co., Hanson City, La.; C. W. Robinson Lumber Co., New Orleans, La.; Eastman-Gardner & Co., Laurel, Miss.; Camp & Hinton Co., Lumberton, Miss.; A. S. Hinton & Co., Lumberton, Miss.; R. W. Hinton, Lumberton, Miss.; Eureka Lumber Co., Eastabuchie, Miss.; A. W. Stevens Lumber Co., Chatawa, Miss.; Tipton Lumber Co., Lacey Lumber Co., Lacey, Miss.; Pine Grove Lumber Co., E. A. Watson Lumber Co., Champion Lumber Co., Orvisburg, Miss.; Pearl River Lumber Co., Brookhaven, Miss.; Fernwood Lumber Co., Enochs Bros., Fernwood, Miss.; Butterfield Lumber Co., Norfield, Miss.; Marbury Lumber Co., Marbury, Ala.; Henderson Lumber Company, Sanford, Ala.; Henderson & Boyd, Enterprise, Ala.; T. H. Johnson & Co., Birmingham, Ala.; Cedar Creek Mill Co., Brewton, Ala.; Blacksher-Miller Lumber Co., Brewton, Ala.; Horseshoe Lumber Co., River Falls, Ala.; Lathrop-Hatton Lumber Co., Riverside, Ala.; Lathrop Lumber Co., Birmingham, Ala.; Yellow Pine Lumber Co., Yellow Pine, Ala.; Twin Tree Lumber Co., Maplesville, Ala.; Stewart Lumber Co., Brinson, Ga., and J. J. White, McComb

City, Miss., filed a petition before the Interstate Commerce Commission against the Illinois Central Railroad Company, and many other companies, whose lines form through routes for the interstate transportation of yellow pine lumber produced in Alabama, Mississippi and Louisiana east of the Mississippi River to points on the Ohio River and beyond.

Said petition, after setting forth that the complainants therein are engaged in the business of manufacturing and shipping yellow pine lumber from the States of Mississippi, Alabama, and that part of Louisiana east of the Mississippi River, and that their chief markets are located in the several States north of Cairo, Ill., averred:

1. That the charges for the transportation of yellow pine lumber, effective prior to April 15, 1903, were higher than the reasonable and just value of the service would allow, being the result of increases from time to time over rates previously in effect.

2. That the appellant railroad companies falsely assuming that the yellow pine industry was enjoying an era of unexampled prosperity, and that its manufactured products were continually increasing in value, and claiming the right to share in their assumed prosperity, conceived the plan and purpose of laying an advance of 2 cents and more per hundred pounds in the freight rate from all points in the yellow pine region to points on and north of the Ohio River; and that as the result of an unlawful agreement between said appellants, notice was given that effective March 1, 1903, previously existing rates would be advanced 2 cents, 3 cents, 4 cents and 5 cents per hundred pounds.

3. That by reason of unfulfilled contracts based on the

previously existing rates the advance was postponed to April 15, 1903, with the exception that the appellant, the Louisville & Nashville Railroad Company made said advance effective on June 22, 1903.

4. That said advance of 2 cents, 3 cents, 4 cents and 5 cents per hundred pounds accrued to the appellants entirely, and not to their railway connections north of the Ohio River.

5. That by reason of the restoration of rates in effect prior to April 15, 1903, by the lumber-carrying roads west of the Mississippi River, mills west of the river had an undue advantage over those east of the river.

6. That said increase of April 15, 1903, is unjust, unreasonable, arbitrary, unlawful and discriminatory, and injurious to the business of complainants.

7. That said increase imposes upon yellow pine lumber an excessive burden, out of line with and far more grievous than is sustained by other products and commodities of like weight, cost of carriage, value of product, service, and all all other conditions considered.

8. That the annual average output of yellow pine lumber of the mills belonging to and operated by the members of complainant association approximates over 1,500,000 feet per annum, of the value at the mills of about $6,000,000, not less than three-fourths of which is shipped into the territory on and north of the Ohio River, where it comes in competition with similar lumber from other pine-producing States, and is directly and injuriously affected by the increased rates.

9. That the increase in rates represents $400,000 to $800,000 per annum in additional freights on lumber shipped by complainants to said territory.

10. That the increased rates are unjust, unreasonable, excessive, discriminatory and arbitrary, and contrary to the provisions of the Act to Regulate Commerce and amendments thereto, in this:

(a) That the rates in effect prior to April 15, 1903, yielded more than the carriers were justly entitled to receive, and that under said rates yellow pine lumber was an exceedingly profitable commodity to the carriers.

(b) That under said previously existing rates yellow pine lumber yielded the most or nearly the most profit to the railroad of any freight originating in the Southern territory, value, tonnage and cost of handling considered; that the value being small, the tonnage being very great, the cost of handling being comparatively small, and being practically indestructible, it could be transported in any kind of cars the railroad might have empty.

(c) That the average freight on yellow pine lumber from complainants' mills to points of destination amounts in the aggregate to a sum equaling or nearly equaling the value of the products at the point of shipment.

(d) That low grade lumber, constituting about 33 1-3 per cent of the entire product of the mills, would not be able to compete with other low grade lumber at the advanced rates.

(e) That said previous rate on yellow pine lumber, as

is the present rate, was greater per ton per mile than on coal, pig iron, cement and other like products, value, weight and cost of handling considered, and yielded an ample profit to the carrier.

(f) That in the shipment of yellow pine lumber on platform or coal cars, shippers are required to equip the cars with standards, braces and strips of high grade lumber at their own expense, and pay freight on the increased weight caused by said equipment.

(g) That the railroads transporting yellow pine lumber from the yellow pine regions of Arkansas, and Trans-Mississippi Louisiana, not only charge lower freight rates to their patrons, but allow them a rebate in the shape of so-called tap-line divisions to logging roads owned by them (i. e., the patrons) and used to bring logs from the woods to their saw mills, thus placing the complainants at a double disadvantage in at least all markets reached by Cairo, Ill., as a basing point.

(h) That said advance in rates is an unjust and unreasonable burden upon complainants and the public, in that during the fiscal year 1902-1903, said appellant companies earned an unusually and unreasonably large net profit in their business and upon the actual capital invested therein.

11. That while the prices of yellow pine lumber have remained practically stationary for a year prior to the filing of the petition before the Commission, the cost of production has largely increased; and that it is not practicable to add the amount of the increase in freight rate to the selling price.

12. That said increase placed complainants' product at an unfair disadvantage with other woods and lumber in competing markets, and was unnecessary to enable appellants to earn a reasonable return upon their investments.

13. That the increased expenses of the appellants were due to lax and unbusinesslike methods, and to abnormal conditions, and that their net revenues now yield a largely increased return upon the value of their investments.

It is proper to here explain that though at the date of the filing of the petition before the Commission the rates upon yellow pine lumber from Arkansas, and Trans-Mississippi Louisiana, to the territory of consumption on and north of the Ohio River were 2 cents lower than the rates on yellow pine lumber from producing points east of the Mississippi River, such condition was not due to any fault of appellants; and it was of only temporary duration. The lines west of the Mississippi River severally published that they would advance their respective rates 2 cents per hundred pounds, effective April 15, 1903, which was the same date as that upon which the lines east of the river severally proposed to make effective a corresponding advance.

It so happened that certain injunction proceedings prevented the lines east of the river from making their respective advances effective on that date, and the lines west of the river withdrew their proposed advances and restored their former rates. As soon as said injunction proceedings would permit it to be done, the lines east of the river severally made their respective advances effective; but the lines west of the river did not make their respective advances effective until August 15, 1903. Since that date, however, an advance (of 2 cents per hundred pounds) has been in force from both sides of the river.

Miller, Trans., Vol. I, pp. 152, 153.

II.

Proceedings Before the Commission Continued—Answers.

The Mobile & Ohio Railroad Company, the Mobile, Jackson & Kansas City Railroad Company, and the Gulf & Ship Island Railroad Company, defendants to said petition, filed separate answers thereto.

A joint and several answer to said petition was filed by the Illinois Central Railroad Company, the Southern Railway Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, and the Louisville & Nashville Railroad Company.

The answers may be summed up as follows:

1. It was denied that the charges for the transportation of yellow pine lumber, effective prior to April 15, 1903, were higher than the reasonable and just value of the service would allow.

2. It was averred that the improved market conditions prior to April 15, 1903, resulted in a great increase in the price of lumber, which fully justified the increase in rates, in view of the increased cost of operating appellants' railroads, and in view of the fact that the lumber traffic, considering its character and volume, was not yielding its proper proportion of the revenue required by the appellants to meet their expenses.

3. It was averred that the lumber business was never in such good shape, or on such a sound basis.

4. It was denied that the increase in rates upon yellow pine lumber was the result of any unlawful agreement or compact in restraint of interstate trade; but, on the contrary, it was averred that the increase was made as the result of the independent action of each of the appellants, and that no appellant was in any wise controlled by any agreement with any competing railroad company.

5. It was denied that the Southeastern Mississippi Valley Association (to which association specific reference was made in the petition in connection with the alleged illegality of the rates under the Sherman Anti-Trust Law), was organized or is maintained under agreements or for purposes which constitute an illegal combination in restraint of interstate trade, or for the fostering of monopoly in destruction of fair competition among carriers engaged in interstate trade.

6. It was insisted that the Interstate Commerce Commission was without jurisdiction to inquire into the legality of the Southeastern Mississippi Valley Association.

7. It was admitted that notice was first given to make the advance in rates effective March 1, 1903, and that by reason of unfulfilled contracts based on the previously existing rates, the advance was postponed to April 15, 1903, with the exception that the appellants, the Louisville & Nashville Railroad Company, made said advance effective on June 22, 1903.

8. It was averred that while in some instances there

were apparent increases in the rates amounting to 3, 4 and 5 cents per hundred pounds over the rates in effect prior to April 15, 1903, said apparent increases were caused by the erroneous construction of some of said previous rates; and in the reconstruction of said rates effective April 15, 1903, after said errors were corrected, the actual advance in said rates was only 2 cents per hundred pounds, the same as the amount of the general advance in other rates, which did not require correction.

9. In response to the allegation that the advance of 2 cents went entirely to the appellants whose lines lay south of the Ohio River, it was insisted that the Interstate Commerce Commission had no jurisdiction to determine what are proper divisions of through rates, such divisions being a matter of contract between the connecting carriers.

10. It was denied that the increase of 2 cents per hundred pounds is unjust, unreasonable, arbitrary, unlawful or discriminatory, or injurious to the business of complainants.

11. It was denied that said increase imposes upon yellow pine lumber an excessive burden, out of line with that which is sustained by other products and commodities, when weight, cost of carriage, value of product, service, and all other conditions are considered.

12. It was averred that complainants had already increased their prices on lumber so as to cover, and in some cases more than cover the advance in lumber rates, and that the advance in rates had not diminished the movement of lumber.

13. It was denied that the increased rates are unjust,

unreasonable, excessive, discriminatory or arbitrary, or contrary to the provisions of the Act to Regulate Commerce or amendments thereto.

(a) It was denied that under the rates in effect prior to April 15, 1903, yellow pine lumber was an exceedingly profitable commodity to the carriers, though it was admitted that under said previously existing rates, lumber was carried at some profit; i. e., over the mere cost of its own movement.

(b) It was denied that under said previously existing rates yellow pine lumber yielded the most profit to the railroad of any freight originating in Southern territory, value, tonnage and cost of handling considered.

(c) It was denied that the average freight on yellow pine lumber from complainants' mills to points of destination amounts in the aggregate to a sum equaling or nearly equaling the value of the lumber at the point of shipment.

(d) It was denied that a large portion of the yellow pine product of complainants' mills is of low grade; and it was averred that their product is nearly all high grade lumber, such as flooring, ceiling, etc.

It was averred that because of the high price of high grade lumber, the low grades of lumber were in great demand, and it was denied that complainants would not be able to compete in the same markets with low grade lumber from other producing sections.

(e) It was denied that the rate on lumber previous to the advance was greater per ton per mile than on coal, pig

iron, cement or other like products, value, weight and cost of handling considered, or that said previous rate yielded an ample profit to the carriers; and it was denied that the present rate on lumber is greater per ton per mile than on coal, pig iron, cement, or other like products, value, weight and cost of handling considered.

It was averred that the comparison made in the petition between the rates on lumber, and those on coal and pig iron is unfair, irrelevant and misleading, considering the difference in value and character of the traffic.

(f) It was admitted that in the shipment of yellow pine lumber on platform or coal cars shippers are required to equip cars with standards, braces and strips at their own expense, and pay the freight on the increased weight caused by said equipment; but it was averred that said cars are furnished as a general rule at the request of shippers, who prefer them on account of the fact that it is cheaper to load them than to load box cars; that flat cars are hauled to the mills empty, and consequently the rates charged for the transportation of lumber on flat cars represent a double service; that a large part of the flat cars furnished to the mills belong to foreign railroads, on which the appellants are compelled to pay a per diem of 20 cents per day, even when moving south empty; and that shippers of other articles than lumber which need similar protection, are required to equip cars at their own expense.

It was further averred that formerly the carriers charged 3 cents per hundred pounds more for lumber carried on flat cars than for lumber carried in box cars, because they were compelled to haul flat cars to the mills empty;

and because they were compelled, in the case of long lumber, to furnish two or more flat cars, one of which is known as an idler.

(g) In answer to the allegations of the petition that the railroads west of the Mississippi River were charging lower rates than the roads east of the said river, and that said railroads west of the said river were allowing rebates in the shape of tap-line divisions, appellants disclaimed all responsibility for, or participation in, such practices.

(h) It was denied that the advance in rates is an unjust or unreasonable burden upon complainants and the public, when considered in connection with the return earned by the carriers upon the actual cost of construction and equipment of their respective railroads, or in connection with the capitalization of said railroads.

14. While it was admitted that the prices of yellow pine lumber remained practically stationary for a year prior to the filing of the petition before the Commission, it was averred that the market value of said lumber from 1897 to January 1, 1902, increased not less than 60 per cent, and that complainants had already increased their prices so as to cover and, in some cases, more than cover the increase in rate.

It was further averred that said increase would allow complainants and other manufacturers a reasonable return upon the money invested in their respective industries, and that the increased rate has not diminished the movement of the traffic.

15. It was denied that said increase placed complain-

ants' product at an unfair disadvantage with other woods and lumber in competing markets, or that said increase was unnecessary to enable the appellants to earn a reasonable return upon their investments.

It was averred that lumber had not been singled out to bear the whole burden of increased rates, but that the same had been equitably and fairly distributed among the shippers of various commodities.

16. It was averred that appellants had been doing a larger volume of business at greatly increased expense, and with proportionately less net revenue; and it was denied that such result was due to lax or unbusinesslike methods in the handling of their traffic, as charged by complainants.

III.

Proceedings Before the Interstate Commerce Commission Continued.

A large amount of testimony was taken on behalf of the appellants before the Commission, in support of the following general propositions:

First: That the former rates had been accepted by them, not because they were just and reasonably high, but because they were the highest that could be obtained in competition with yellow pine lumber produced in Arkansas, and sold in territory on and north of the Ohio River.

Second: That the rates formerly charged were made lower than they might reasonably and justly have been

made, because of a depression in the lumber market on and north of the Ohio River, which existed for a number of years, and which rendered it necessary for appellants to accept at that time unreasonably low rates in order to enable yellow pine lumber from the Mississippi producing district to compete at the prices then prevailing.

Third: That the earliest rates that were in force on lumber from the Mississippi District to the territory on and north of the Ohio River, and some of which prevailed for several years, were higher, even under the competition referred to, than are the present rates, including said advance of 2 cents per hundred pounds.

Fourth: That after the period of depression had passed, and the lumber market began to improve, the rates from the Mississippi district were gradually advanced as the price of lumber advanced; and when the lines west of the river severally advanced their rates to Cairo, Ill. (the pivotal point in the rate adjustment), to the extent of 2 cents per hundred pounds, appellants were enabled to make a similar advance from the Mississippi district to Cairo.

Fifth: That the abnormal increase in the operating expenses of railways rendered an advance necessary; not only in the lumber rates, but in the rates upon many other commodities.

Sixth: That the advanced rates from the Mississippi district are just and reasonable.

The Commission however held:

First: That where an advance is made in rates which

have been long maintained, and the evidence shows that the traffic affected is large and important, the advance will be held to be unjust, unless it is satisfactorily explained.

Trans., Vol. II, pp. 994, 999.

Second: That the abnormal increase in operating expenses of the appellant railways was due to the charging of amounts expended for permanent improvements and betterments to operating expenses; and that the amount of such expenditures made by the appellants in a few years, preceding and including the year of advance in rates, was extraordinary, and would probably not be required again for a long period of time.

Trans., Vol. II, p. 996.

Third: That, admitting the rates to have been reduced on account of depression in the lumber trade, the carriers would secure sufficient participation in returning prosperity by the resultant enlargement of their business, without restoring rates to the figures which were in effect prior to the period of depression.

Trans., Vol. II, pp. 987, 988.

Fourth: That upon the whole the advance of 2 cents in the Cairo rate (with a corresponding increase in the rates to the other Ohio River crossings) was not warranted under all the facts in evidence, and that the resultant increased rate is unreasonable and unjust.

Trans., Vol. II, p. 999.

On February 7, 1905, the Commission issued its order declaring the advance of 2 cents per one hundred pounds established by the Louisville & Nashville Railroad Company

on June 22, 1903, and by the other appellants on April 15, 1903, to be excessive, unreasonable and unjust; and ordered the carriers to cease and desist on or before April 1, 1905, from further maintaining or enforcing said advance.

Trans., Vol. II, pp. 1001, 1002.

The appellants being advised that said order was not a "lawful order," declined to obey it.

The alleged illegality of the advance of 2 cents per hundred pounds under the Sherman Anti-Trust Law, was made quite prominent by counsel for complainant in the proceedings before the Commission.

While the Commission held that it was without jurisdiction to administer the anti-trust act, it nevertheless held that it was competent for it to consider the so-called joint or concerted action of the defendants in the aspect of its bearing upon the reasonableness and validity of the advanced rate, which was alleged to be the result of that action; and it is evident upon reading the report and opinion, that the Commission was perhaps influenced to a greater extent in the conclusions which it reached upon the case as a whole by the supposed suppression of competition, than by any other single element which entered into its consideration of the case.

Trans., Vol. II, pp. 993, 994.

IV.

Proceedings in the Circuit Court.

The Commission filed a bill in the Circuit Court in this case to enforce its order.

The appellants answered the same, denying the matters of equity therein alleged.

Additional testimony was taken on behalf of complainant and defendants in said Court.

The Circuit Court, without delivering a written opinion, approved the order of the Commission, and decreed its enforcement.

The appellants appealed to this Court.

V.

ASSIGNMENT OF ERRORS.

The Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, and the Louisville & Nashville Railroad Company, say that in the said decree rendered by said Circuit Court, and in the record and proceedings in said Court, in this cause, there is manifest error in this, to-wit:

FIRST.

Said Circuit Court erred in decreeing "That the order made by the Interstate Commerce Commission, and drawn into question in this cause, be in all things affirmed and made the order of said Court," said order of said Commission being "That the advance of two (2c) cents per one hundred pounds established by the defendant, the Louisville & Nashville Railroad Company, on June 22, 1903, and by the other defendants herein on April 15, 1903, over rates previously in effect for the transportation of lumber in carloads from shipping points on defendants' respective lines in the State of Louisiana east of the Mississippi River, and in the States of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River, commonly called and known as Ohio River points, which said advance has since been maintained and enforced by the defendants, was and is excessive, unreasonable and unjust, and in violation of the provisions of the Act to Regulate Commerce; and that the rates and charges resulting from the said advance (which said rates are more specifically referred to in said report and opinion) are also excessive, unreasonable and unjust, and in violation of the provisions of the Act to Regulate Commerce;" because said advance in rates, as well as the rates and charges resulting from said advance are not excessive, unreasonable or unjust, nor are they in violation of any of the provisions of the Act to Regulate Commerce or of the amendments thereto.

SECOND.

Said Circuit Court erred in decreeing "That injunction issue restraining and enjoining the defendants, each and all of them, from further disobedience to said order, and from maintaining or enforcing an advance of two cents per one

hundred pounds established by the defendant, the Louisville & Nashville Railroad Company, on June 22, 1903, and by the other defendants herein on April 15, 1903, over rates previously in effect for the transportation of lumber in carloads from shipping points on defendants' respective lines in the State of Louisiana east of the Mississippi River, and in the States of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River commonly called and known as Ohio River crossings, and from further charging, for the transportation of lumber as aforesaid, the rates resulting from said advance;" because no ground was shown either in the pleadings or in the proof to justify the issuance of an injunction enjoining said respondents jointly and severally, to discontinue or to desist from maintaining or enforcing the said advance in rates made effective by the defendants on the dates aforesaid, to shipments of lumber in carloads from points in Louisiana east of the Mississippi River, and in the States of Mississippi and Alabama to said points on the Ohio River.

THIRD.

Said Circuit Court erred in decreeing that the costs of the suit be taxed against and be paid by the defendants; because said costs should have been awarded against the complainant.

FOURTH.

Said Circuit Court erred in decreeing, in effect, that said advance of two cents per hundred pounds in the rates on lumber in carloads charged by the defendants from shipping points in Louisiana east of the Mississippi River, and in the States of Mississippi and Alabama, to the said points on the Ohio River, made effective on June 22, 1903, and

April 15, 1903, was made under circumstances and conditions which eliminated all competition between defendants, whereas the exact reverse is the truth of the case.

FIFTH.

Said Circuit Court erred in not dismissing said bill of complaint; because, the Court exercised the legislative function of making a rate contrary to the provisions of the Constitution of the United States, which provides that legislative, executive and judicial functions shall be kept separate.

SIXTH.

Said Circuit Court erred in decreeing, in effect, that the advance of 2 cents per 100 pounds established by the defendant, the Louisville & Nashville Railroad Company, June 22, 1903, and by the other defendants herein on April 15, 1903, over rates previously in effect for the transportation of lumber in carloads from shipping points on defendants' respective lines in the States of Louisiana east of the Mississippi River, and in the States of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River, commonly called and known as Ohio River points, is excessive, unreasonable and unjust; because, the charges made on shipments of lumber from points in Louisiana east of the Mississippi River, and in the States of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River, when shipments are destined to points north of said river, are mere divisions of through rates, the justness of which neither the Interstate Commerce Commission nor the Circuit Court has any jurisdiction to determine.

SEVENTH.

Said Circuit Court of the United States erred in decreeing that injunction issue enjoining said defendants from maintaining or enforcing said advance, in so far as it applied to points basing on Ohio River destinations; because, the Interstate Commerce Commission only found that said advance in rates, made effective on June 22, 1903, and April 15, 1903, from different points in Louisiana east of the Mississippi River, and in the States of Mississippi and Alabama to Ohio River crossings was unreasonable and unjust; and it did not find that the rates from said shipping points to points basing on Ohio River crossings were either unreasonable or unjust; nor was there any evidence before either the Commission or the Court that would have justified such finding.

WHEREFORE, the above named defendants in the above entitled cause, viz: the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Orleans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company and the Louisville & Nashville Railroad Company, pray that said decree of said Circuit Court be reversed, and that said Circuit Court be ordered to enter a decree dismissing the original bill filed in the above entitled cause in said Court by the said Interstate Commerce Commission against said defendants.

VI.

ARGUMENT.

THE QUESTION INVOLVED.

The real question involved in this case is as to the reasonableness of a so-called advance of 2 cents per hundred pounds in the proportions allowed to what are known as the "intermediate" roads, as their shares of rates on lumber from shipping points in Mississippi, Alabama and Louisiana east of the Mississippi River, to the Ohio River crossings.

As hereinbefore shown, in Section II, the advance of 2 cents was severally made effective on April 15, 1903, by the appellants other than the Louisville & Nashville Railroad Company. It was not made effective by the latter company until June 22, 1903.

The following extracts from the majority report and opinion of the Commission in this case will explain what is meant by "intermediate" roads:

"The through rates to interior points beyond the Ohio River in Central Freight Association territory, are made up of the full local rates of the roads north of the Ohio as the proportions of those roads, and whatever is left of the through rates, as the proportion of the roads south of the Ohio."

Trans., Vol. II, p. 963.

"There are divisions of the rates south of (the) Ohio between what are termed the 'originating' roads' on which

the lumber is principally manufactured and the roads intermediate between those originating roads and the Ohio River. The principal originating roads named in the testimony are the Gulf & Ship Island road, extending from Gulf Port on the Gulf of Mexico to Jackson, Miss., and the New Orleans & Northeastern road extending from New Orleans to Meridian, Miss. The Illinois Central road connects with the Gulf & Ship Island road at Jackson, and on lumber received from the Gulf & Ship Island road at that point the Illinois Central allows that road a division of 7 cents out of the rate to the Ohio River. This allowance commenced in 1899, and by contract between the roads is to continue ten years. At Meridian the Mobile & Ohio road connects with the New Orleans & Northeastern road, and on lumber received from that road allows it 6 cents out of the rate to the Ohio. The Alabama Great Southern road and its connections also pay at Meridian to the originating road a division of 6 cents."

"The divisions allowed the originating roads are large in proportion to the length of the hauls made by them, and in proportion to the balances of the rates left for the intermediate roads."

Trans., Vol. II, pp. 964, 965.

"As the 2 cents advance goes entirely to the roads continuing the transportation on to the Ohio, and none of it to the originating roads, the inference is that the advance was made solely with a view of increasing the proportions of the former roads."

Trans., Vol. II, p. 995.

VII.

The Majority of the Commission Erred in Holding that the Rates from Mississippi Territory to the Ohio River are Unreasonable.

In said report and opinion, the majority of the Commission said:

"Our conclusion on the whole is that the advance, April 15, 1903, of 2 cents in the Cairo rate (with a corresponding increase in the rates to the other Ohio River crossings) was not warranted under all the facts in evidence, and that the resultant increased rate is unreasonable and unjust."

Trans., Vol. II, p. 999.

On the contrary, appellants aver and insist that said so-called advance of 2 cents per hundred pounds in said rates was fully warranted by the facts, circumstances and conditions disclosed by the testimony; and that the rates then put in force are reasonable and just, and are not in violation of any law.

In its report and opinion in this case the majority of the Commission said:

"The question of the reasonableness in this sense of a rate on a single article of traffic is one of almost insuperable difficulty."

Trans., Vol. II, p. 990.

The majority of the Commission further said:

"It is plain that until there be fixed, either by legislative

enactment or judicial interpretation, some definite basis for the valuation of railroad property and some limit up to which that property shall be allowed to earn upon that valuation, there can be no exact determination of these questions" (i. e., questions as to the reasonableness of the rates).

Trans., Vol. II, p. 991.

The first section of the original Act to Regulate Commerce enacts that all charges "shall be reasonable and just."

24 U. S. Stat. at Large, p. 279.

The second section provides for that class of cases where a difference in rates constitutes an unjust discrimination.

The third section provides for that class of cases where a difference in rates constitutes an undue preference.

The fourth section provides for that class of cases where a difference in rates constitutes a greater charge for a shorter than for a longer haul, etc., under substantially similar circumstances and conditions.

The first section provides for that class of cases where the question involved is whether certain rates are reasonable and just, in and of themselves, even though they do not constitute an unjust discrimination, nor an undue preference, nor a greater charge for a shorter than for a longer distance.

The phrase "just and reasonable in and of themselves" was used by this Court in the case of E. T., V. & G. Ry. Co. v. I. C. C., 181 U. S., pp. 18, 19.

There is no difficulty in understanding what Congress

meant in saying that rates must be "just and reasonable" in and of themselves; but unfortunately Congress has failed to enumerate directly the elements which should be taken into consideration in determining the reasonableness of rates "in and of themselves."

In the case of Van Patten v. C. M. & St. P. Ry. Co. (81 Fed. Rep., p. 545) it was held by District Judge Shiras that the Interstate Commerce Act provides for and prescribes indirectly a standard, by comparison with which it may be determined whether a given rate is or is not to be deemed unreasonable (i. e., in and of itself) within the meaning of the act; and that standard, he says, is the rate adopted, printed and kept posted, as required by the statute, by those engaged in the business, and subject to the effect of free competition. See also Kinnavey v. Terminal Asso., 81 Fed. Rep., p. 802, and T. & P. Ry. v. Mudd, 202 U. S., 242. Under holding of Judge Shiras, the majority of the Commission erred in this case in deciding that said so-called advance of 2 cents per hundred pounds, made effective April 15, 1903, makes the through rates from Mississippi territory to the Ohio River unreasonably high in and of themselves; because there is no question but that said through rates were "adopted, printed and kept posted" by the respective appellants as required by the Act to Regulate Commerce.

Even if it be true that the question of the reasonableness in and of itself of a rate on a single article of traffic " is one of almost insuperable difficulty," as stated by a majority of the Commission, appellants are advised and insist that such difficulty, however great, gives no authority to the Commission to solve it by mere arbitrary action. The question of the right of the Commission, under the original

act, to fix future rates, by arbitrary action, was distinctly denied by this Court in the case of C. N. O. & T. P. Ry. v. I. C. C., 162 U. S., p. 197.

VIII.

The Rates from Points in Mississippi Territory to the Ohio River are Reasonably Low, Because they are Controlled by Competition.

The testimony shows that the rates on lumber from the shipping points in Alabama, Mississippi and Louisiana east of the Mississippi River are materially and substantially affected, and, in fact, controlled by competition; and therefore, they are reasonably low.

In the majority report and opinion in this case, it was said:

"The lumber producing districts which are concerned in the matters involved in this case may be divided into—

"First: Territory west of the Mississippi, composed of Louisiana west of that river, and Arkansas and Texas;

"Second: Louisiana east of the river, Mississppi and part of Alabama, and,

"Third: Georgia, Florida and part of Alabama, called Southeastern territory.

"The lumber men in each of these districts compete in the sale of their product in the same markets, which are principally in the territory on and north of the Ohio River,

and on and between the Mississippi River on the west and a line running through Buffalo and Pittsburg on the east, known as 'Central Freight Association territory.'"

Trans., Vol. II, p. 962.

The Commission in its majority report and opinion further said:

"At Cairo traffic from the mills in a large portion of the lumber producing district, west as well as east of the Mississippi River, meets or converges en route to destination, the line to Cairo being the short line from the greater part of those districts. The rates to the other Ohio River crossings, Evansville, Louisville and Cincinnati, are said to be based on Cairo; that is, they bear a fixed relation to the Cairo rate, being higher by certain amounts and being correspondingly advanced or reduced as the Cairo rate is advanced or reduced."

Trans., Vol. II, p. 963.

In the case of Central Yellow Pine Association v. V. S. & P. R. Co. et al., it was stated as follows:

"Large quantities of yellow pine lumber are manufactured in the States of Arkansas, Louisiana and Texas. This lumber is similar to that produced in Mississippi and Alabama and competes with it in Northern markets. The territory mainly referred to in this proceeding is what is known as Central Freight Association territory, being, roughly speaking, the section lying north of the Ohio River and between the Mississippi upon the west and the line running through Buffalo and Pittsburg upon the east. As we learn from the testimony in this case, and also from that taken in other cases, recently heard by the Commission, rates from both

sides of the Mississippi River into this territory upon yellow pine lumber are the same. *This relation was established after much competition and long controversy* for the purpose of admitting lumber from both sections upon terms of equality." . . . "The method of manufacturing and marketing this lumber is essentially identical in all parts of the South."

10 I. C. Rep., p. 195, C. Y. P. Assn v. V. S. & P. R. Co. et al.

The principal rail lines which compete for the carriage of lumber from the territory west of the Mississippi (composed of West Louisiana, Arkansas and Texas) are "the St. Louis Southwestern Railway Company, the St. Louis, Iron Mountain & Southern Railway Company and the Kansas City Southern Railway Company."

10 I. C. Rep., pp. 194, 195, C. Y. P. Assn. v. V. S. & P. R. Co. et al.

The principal rail lines which compete for the carriage of lumber from the territory composed of East Louisiana, Misisissippi and part of Alabama are the Illinois Central Railroad Company; the Gulf & Ship Island Railroad Company; the Southern Railway Company; the Mobile & Ohio Railroad Company; the New Orleans & Northeastern Railroad Company; the Alabama Great Southern Railroad Company; the Cincinnati, New Orleans & Texas Pacific Railway Company; the Alabama & Vicksburg Railway Company; the Louisville & Nashville Railroad Company, and the Mobile, Jackson & Kansas City Railroad Company.

10 I. C. Rep., 504, C. Y. P. Assn. v. I. C. R. R. Co. et al.

The principal rail lines which compete for the carriage of lumber from the territory composed of Georgia, Florida and part of Alabama, called Southeastern territory, are the Southern Railway Company; Atlantic Coast Line Railroad Company; Louisville & Nashville Railroad Company; Nashville, Chattanooga & St. Louis Railway; Seaboard Air Line Railway; Central of Georgia Railway Company; Georgia Southern & Florida Railway Company, and the Macon & Birmingham Railway Company.

10 I. C. Rep., p. 548, Tift v. Southern Ry. Co. et al.

It will be seen that the Southern Railway Company and the Louisville & Nashville Railroad Company are the only carriers that participate in the carriage of lumber from more than one of said territories; and that neither of those companies participates in the carriage of lumber from the territory west of the Mississippi River.

It will be seen from the foregoing extracts from the opinions of the Commission quoted above, that the method of manufacturing and marketing lumber is essentially identical in all parts of the South; that the lumber from all three of the territories, above described, is destined to the same markets north of the Ohio River; that at Cairo, traffic from the mills in a large portion of the lumber producing districts, west as well as east of the Mississippi River, meets or converges en route to destination at Cairo, the line to Cairo being the short line from the greater part of those districts; and it will also be seen that the rates to the Ohio River crossings other than Cairo (i. e., Evansville, Louisville and Cincinnati) are based on Cairo, or have a fixed relation to the Cairo rate, being higher by certain amounts, and being correspondingly advanced or reduced as the Cairo

rate is advanced or reduced. It is also manifest from said extracts that the carriers from that territory which has the lowest average distance to Cairo can fix the rate to Cairo, and the rate so fixed must be met by the carriers from the other two territories or they must retire from the lumber traffic.

In the majority report and opinion in the case of H. H. Tift et al. v. Southern Ry. Co. et al., it was said:

"The distances to Cairo from lumber shipping points in Arkansas, Louisiana and Mississippi are less than from Georgia shipping points. The following appear to be approximately correct as average distances to Cairo, to-wit:

"From Arkansas.....365 miles
"From Mississippi.....412 miles
"From Louisiana (taking Sibley as a central shipping point) .....499 miles
"And from the principal Georgia shipping points.739 miles

10 I. C. Rep., p. 561, Tift v. Southern Ry. Co. et al.

In the majority report and opinion in this case, Trans., Vol. II, p. 964, it is shown that the rate from Louisiana, Mississippi and Alabama to Cairo is 16 cents, which is the same as the rate from Arkansas points to Cairo. It is manifest that the appellants would not carry lumber from Mississippi to Cairo, an average distance of 412 miles, and from Louisiana to Cairo, an average distance of 499 miles, for the same rate as is charged by the carriers from Arkansas, for a distance of only 365 miles, unless appellants were forced to do so by effective and controlling competition.

Appellants having thus shown that competition from

Arkansas controls the rates to Cairo, and the Commission having stated in the extracts above quoted that the rates to the other Ohio River crossings, viz., Evansville, Louisville and Cincinnati, have a fixed relation to the Cairo rate, and must be correspondingly advanced or reduced as the Cairo rate is advanced or reduced, it is manifest that the same competition which controls the rate to Cairo equally controls the rates to Evansville, Louisville and Cincinnati.

Lumber produced in Mississippi territory competes, north of the Ohio River, with white pine lumber produced in Wisconsin, Michigan, etc., and with fir and spruce lumber produced on the Pacific coast.

Lumber produced in Mississippi territory may be shipped via all rail to and beyond the Ohio River; and it may also be shipped via all rail, or rail and water, to New York and other Northeastern cities.

The rates charged by the appellants on lumber from Mississippi territory to and beyond the Ohio River are not only controlled by the rates which are accepted by rival lines carrying lumber to the same territory from other lumber producing districts, but the rates from the Mississippi mills to and beyond the Ohio River are controlled by the rates which are accepted by rival lines from the same mills to New York and the Northeast.

Diagram A on the next succeeding page shows the various lumber producing districts; the lumber consuming districts, and the principal lines which compete for the carriage of lumber from said lumber producing districts to said lumber consuming districts.

We anticipate that appellees will insist that by reason of some of appellants being members of the Southeastern Mississippi Valley Association, and by reason of the Southern Railway and certain other companies which participated in the increase in lumber rates from Georgia territory being members of the Southeastern Freight Association, there is no real bona fide competition existing; but we will hereinafter show that the articles of the Southeastern Mississippi Valley Association and the articles of the Southeastern Freight Association (unlike those of the Trans-Missouri Freight Association and the Joint Traffic Association) do not suppress competition, nor destroy individual action.

The appellant, the Gulf & Ship Island Railroad Company, is not a member of the Southeastern Mississippi Valley Association.

The Southern Railway Company is the only appellant which is a member of the Southeastern Freight Association.

None of the lines which carry lumber to points on and north of the Ohio River from the white pine district, comprising Wisconsin, Michigan, etc.; and none of the lines which carry lumber from the fir and spruce districts of the Pacific coast are members either of the Southeastern Mississippi Valley Association or of the Southeastern Freight Association.

We insist that it was error of law for the Commission and the Courts to refuse to give to the fact that said rates are controlled by competition, the legal value to which it is entitled.

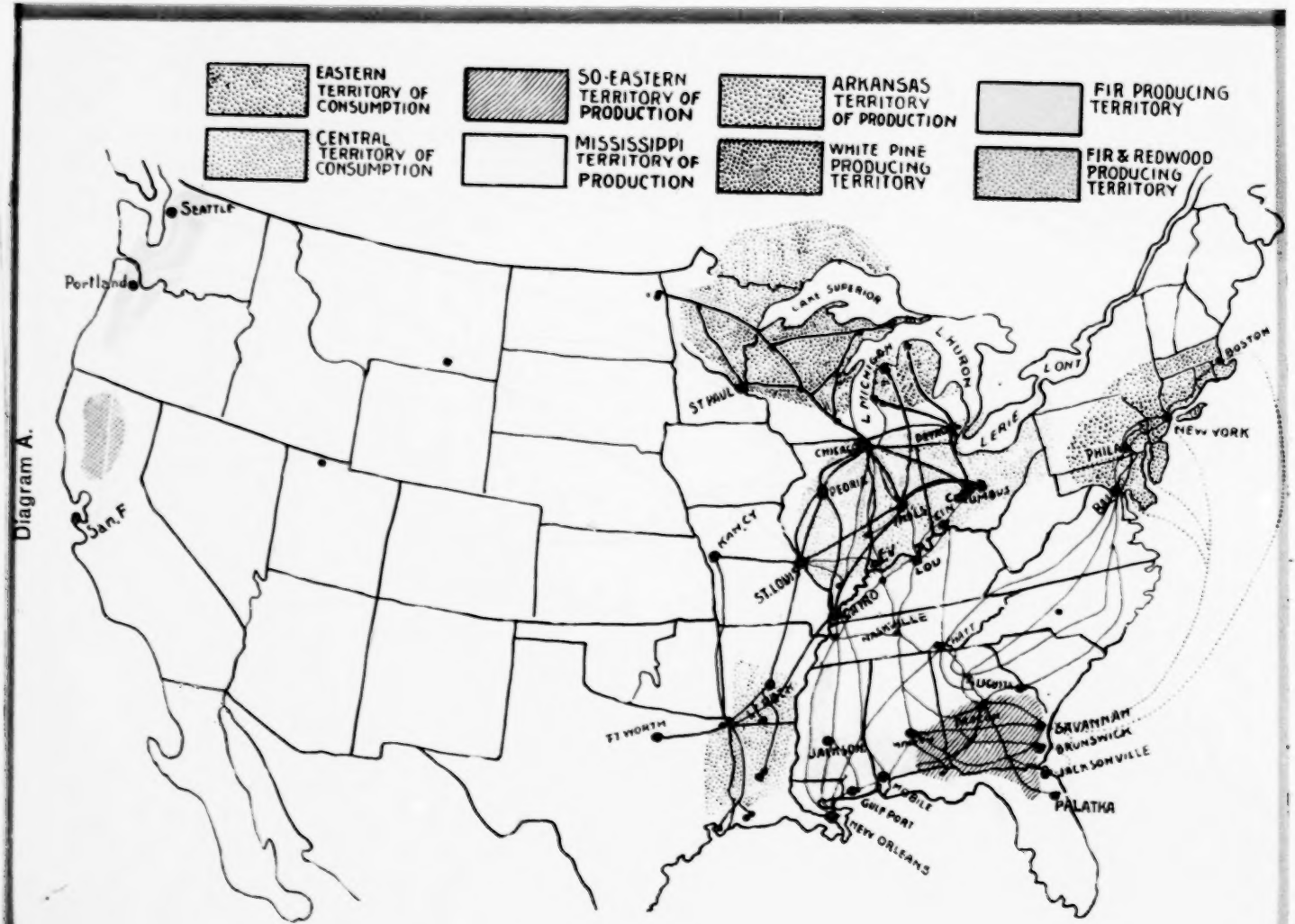
EASTERN TERRITORY OF CONSUMPTION
CENTRAL TERRITORY OF CONSUMPTION
SO-EASTERN TERRITORY OF PRODUCTION
MISSISSIDPI TERRITORY OF PRODUCTION
ARKANSAS TERRITORY OF PRODUCTION
WHITE PINE PRODUCING TERRITORY
FIR PRODUCING TERRITORY
FIR & REDWOOD PRODUCING TERRITORY
SEATTLE
Portland
San.F
LAKE SUPERIOR
L MICHIGAN
L HURON
L ONT
L ERIE
ST PAUL
CHICAGO
DETROIT
PEORIA
BOSTON
NEW YORK
PHILA
BALT
COLUMBUS
KANS CY
ST LOUIS
LOU
MEMPHIS
NASHVILLE
ATLANTA
AUGUSTA
FT WORTH
JACKSON
SAVANNAH
BRUNSWICK
JACKSONVILLE
PALATKA
MOBILE
GULF PORT
NEW ORLEANS

Diagram A.

IX.

The Rates from Points in Mississippi Territory to the Ohio River are Reasonably Low, Because the Average Rate Per Ton Per Mile Yielded by Said Rates is Lower than the Majority of Other Rates Per Ton Per Mile on Lumber.

While it has been hereinbefore generally explained by references to the report and opinion of the Commission that the adjustment of rates on lumber from Mississippi territory and Georgia territory to points on and north of the Ohio River has been influenced by the competition from Arkansas, it may be well before proceeding further to give some illustrations showing how the matter works out in actual practice.

The lines north of the Ohio River publish their tariffs of rates on lumber, in which tariffs are shown the rates from Cairo, Evansville, Louisville and Cincinnati to thousands of points in the territory on and north of the Ohio River. The rates shown in said tariffs, though known as "arbitraries," in constructing rates from points south of the Ohio River to points north of that river, are, in fact, the local rates of the companies publishing the same. Said rates are exacted by the Northern lines on all lumber tendered them by their Southern and Southwestern connections at the Ohio River, regardless of the competitive circumstances and conditions which may surround the shipment as a through shipment, from point of origin in the South, or Southwest, to final destination in the North. In other words, none of the burden of equalizing the commercial or competitive condi-

tions as between the Arkansas lumber producing territory, the Mississippi lumber producing territory, or the Georgia lumber producing territory is assumed by any of the carriers leading northward from the Ohio River.

By reason of the fact that the yellow pine producing territory in Arkansas extends into a higher latitude than the lumber producing sections of Mississippi, Alabama and Georgia, the distance from said Arkansas territory to the Ohio River at Cairo, Ill., is materially less than the distance from the yellow pine producing sections of Mississippi, Alabama and Georgia, either to Cairo, Ill., or to any other of the Ohio River crossings. The lines from Arkansas therefore have always been able to maintain to Cairo a rate very much lower than the rates prevailing at the same time from Mississippi, Alabama and Georgia to other Ohio River crossings; and the lines extending from Mississippi, Alabama and Georgia to Cairo have been compelled at that point to meet the low rate from Arkansas. It has not, however, been found necessary in meeting the competition existing at Cairo to lower the rates from Mississippi, Alabama and Georgia to Evansville, Louisville and Cincinnati correspondingly, since the lines from Arkansas do not reach said latter points, and since said latter points are too remote from Arkansas territory to be subject to the influences which exist at Cairo.

From Louisiana, Mississippi and Alabama, the present rate on lumber destined to stop at Cairo is 16 cents (the same as from Arkansas to Cairo), while from Louisiana, Mississippi and Alabama, the rate on lumber destined to stop at Evansville is 22 cents; at Louisville, 21 cents, and at Cincinnati, 23 cents.

Mr. Green testifies:

"When we made that adjustment (i. e., the adjustment which made the rates to Cairo on lumber lower than the rates to Evansville, Louisville and Cincinnati), we departed from the relative basis of rates which had obtained for many years, not only as to lumber, but all other classes of traffic, and which obtains today, with the exception of lumber to the various Ohio River crossings—Cairo, Louisville, Cincinnati," etc.

Trans., Vol. II, p. 224.

It will be noted that the advantage of Cairo over Evansville, Louisville and Cincinnati ranges from 5 to 7 cents per hundred pounds; and the result of this advantage in rates south of the Ohio River is, that to practically all points of destination in Ohio, Indiana and Illinois, the rate from Mississippi, Alabama or Arkansas to Cairo, added to the local rates of the northern lines from Cairo to points of destination, produces the lowest total through rates that can be formed via any Ohio River crossing.

It would, of course, have been possible for the lines from Mississippi and Georgia territory, in their endeavor to meet the Arkansas competition, to have figured the through rates from the Arkansas territory to every point of destination in Ohio, Indiana and Illinois, and published a tariff of corresponding through rates from points in Mississippi and Georgia; but it was simpler to publish the low rate of 16 cents from Mississippi and Georgia points to Cairo (which was the same as the rate from Arkansas to Cairo), and form through rates by adding thereto the same local rates of the lines north of the Ohio River, which were being added to the Arkansas rate.

The publication of the 16-cent rate to Cairo from Mississippi, Louisiana and Alabama should be viewed in its true aspect, namely, as a convenient method for the ready computation of through rates; and not as a means whereby the entire movement of the lumber traffic was expected to be concentered upon Cairo, to the exclusion of other Ohio River crossings. It is, of course, not to the interest of all the Southern lines to actually route their lumber traffic via Cairo, for they may either not reach Cairo with their own rails, or may be deprived of their long haul if the lumber be routed via Cairo.

In routing lumber traffic from Mississippi territory to points north of the Ohio River via Cairo, the Southern lines up to Cairo receive as their proportion of the through rates the 16 cents herein referred to; because the 16 cents is a component part of the through rates to points of ultimate destination.

In routing lumber traffic, however, from Mississippi territory to points north of the Ohio River via Evansville, Louisville or Cincinnati, it is not possible for the Southern lines up to said crossings to get their regular published rates of 22, 21 and 23 cents respectively, which they charge on lumber destined to stop at said crossings; and in the division of through rates from points in Mississippi territory to points north of the Ohio River, the Southern lines reaching Evansville, Louisville and Cincinnati accept proportions which are materially less than 22, 21 and 23 cents respectively, and which vary within wide limits according to the ultimate point of destination, and according to the amount which the Northern line continuing the transportation from the Ohio River to destination may charge as its

local rate from the particular Ohio River crossing via which the traffic moves.

For illustration, we will suppose that a shipment of lumber moves via the Queen & Crescent route from Hattiesburg, Miss., a representative lumber shipping point, to Columbus, Ohio, a representative lumber consuming point. Cincinnati is the gateway for the Queen & Crescent route, and the lumber would accordingly move via Cincinnati.

The through rate, however, on which the shipment would move would be 29 cents per hundred pounds, based upon the low rate of 16 cents from Hattiesburg to Cairo, Ill., plus 13 cents, the charge which would be exacted by the Northern line from Cairo to Columbus, if it actually performed the service.

Via no other Ohio River crossing—not even Cincinnati—would it be possible to figure so low a total rate as the 29 cents, based upon Cairo. The local rate of the Northern line from Cincinnati to Columbus is 7½ cents, and out of the 29-cent through rate 7½ cents must be paid to the Northern line. The remainder of the 29-cent through rate, viz., 21½ cents, goes to the line from Hattiesburg to Cincinnati, and this amount is 1½ cents less than the regular published rate charged by the Queen & Crescent route on lumber destined to stop at Cincinnati.

Again: We will suppose that the Queen & Crescent route secures a shipment of lumber from Hattiesburg to Chicago, and that it hauls same via the Cincinnati gateway, and there delivers it to a Northern connection. The through rate from Hattiesburg to Chicago is 26 cents per hundred

pounds, based on 16 cents from Hattiesburg to Cairo, plus 10 cents, the local rate of the Northern line from Cairo to Chicago.

Via no other Ohio River crossing would it be possible to figure so low a total rate as the 26 cents based upon Cairo. The local rate of the Northern line from Cincinnati to Chicago is 11 cents per hundred pounds, and out of the 26-cent through rate, 11 cents must be paid to the Northern line. The remainder of the 26-cent through rate, viz., 15 cents, goes to the line from Hattiesburg to Cincinnati, and this amount is 8 cents less than the regular published rate charged by the Queen & Crescent route on lumber destined to stop at Cincinnati.

The service which the Queen & Crescent would perform with respect to the Columbus shipment, and with respect to the Chicago shipment, is identical; and yet in one instance it receives 6½ cents more as its revenue than it receives in the other.

The illustrations given are typical of the general situation, and show that in passing upon the reasonableness of the rates involved in this case, it is necessary to go to the root of the matter, instead of attempting to determine it, as the Interstate Commerce Commission did, upon the mere surface of tariff publications and upon the basis of short line mileages, by which the traffic by no means universally moves.

In the complaint filed by the Central Yellow Pine Association before the Interstate Commerce Commission, it was averred that complainants find their lumber markets "mainly in the several States north of Cairo, Ill."

In the majority report and opinion of the Commission it is said:

"Peoria, Indianapolis and Columbus are fairly representative points or markets for lumber in Ohio, Indiana and Illinois."

Trans., Vol. II, p. 964.

The line of the Illinois Central Railroad reaches three of the Ohio River crossings, viz.: Cairo, Evansville and Louisville. For the purpose of showing the revenue accruing to the Illinois Central Railroad up to said crossings, on shipments of lumber destined to points in Ohio, Indiana and Illinois, Mr. F. B. Bowes, Freight Traffic Manager of the I. C. R. R., filed Exhibit "F" (Trans., Vol. II, p. 853), in which he selected as representative points of destination, Decatur, Ill., Indianapolis and Columbus. It is shown by Mr. Compton's Exhibit "M" (Trans., Vol. II, pp. 875, 876), that the rate to Decatur, Ill., is the same as the rate to Peoria, Ill., from the Mississippi territory, and therefore Peoria may be substituted for Decatur in Mr. Bowes' calculations. By substituting Peoria for Decatur, Mr. Bowes' exhibit will conform exactly to the Commission's holding as to what points are representative markets for lumber in Ohio, Indiana and Illinois.

In the majority report and opinion it is said:

"The bridge tolls or transfer charges are 2 cents per hundred pounds at Cairo, 1½ cents at Evansville, 1 cent at Louisville and 2 cents at Cincinnati."

Trans., Vol. II, p. 963.

In Mr. Bowes' Exhibit "F" (Trans., Vol. II, pp. 853,

854), he states that the bridge tolls at Cairo, Evansville and Louisville were deducted from the through rates before making the calculations whereby the revenue per ton per mile accruing south of the Ohio River was obtained.

Combining Mr. Bowes' calculations, as contained in Exhibit "F" with a similar calculation as to the revenue accruing south of the Cincinnati gateway, based upon Compton's Exhibit "Q" (Trans., Vol. II, p. 880), and upon the majority report and opinion (Trans., Vol. II, pp. 963, 964), and substituting Peoria for Decatur, we have the following average results as to the revenue accruing to the lines south of the Ohio River via the four gateways, viz.: Cairo, Evansville, Louisville and Cincinnati.

Out of a through rate of 25 cents from Hattiesburg, Miss., a representative lumber shipping point, to Peoria, the line south of East Cairo would receive 14 cents. The distance via the Gulf & Ship Island and I. C. R. R. to East Cairo is 453 miles; and said 14 cents would yield a rate per ton per mile of 6.18 mills.

The distance from Hattiesburg to East Cairo via N. O. & N. E. and M. & O. is 435 miles (Trans., Vol. II, pp. 386, 480), and said rate of 14 cents would yield a rate per ton per mile of 6.44 mills.

Average up to Cairo.....6.31 mills.

Out of a through rate of 26 cents from Hattiesburg to Indianapolis, the line of the Illinois Central Railroad south of Evansville would receive 18½ cents for its haul of 605 miles via Jackson, which would yield 6.11 mills.

Out of a through rate from Hattiesburg to Columbus of

29 cents, the line of the Illinois Central Railroad south of Evansville would receive 16½ cents for its haul of 605 miles via Jackson, which would yield 5.45 mills.

Average up to Evansville.....5.78 mills.

Out of a through rate of 26 cents from Hattiesburg to Indianapolis, the line of the Illinois Central Railroad south of Louisville would receive 17 cents for its haul of 686 miles via Jackson, which would yield 4.95 mills.

Out of a through rate of 29 cents from Hattiesburg to Columbus, Ohio, the line of the Illinois Central Railroad south of Louisville would receive 16 cents for its haul of 686 miles via Jackson, which would yield 4.66 mills.

Average up to Louisville.....4.80 mills.

Out of a through rate of 29 cents from Hattiesburg to Columbus, Ohio, the line of the C. N. O. & T. P. Ry., A. G. S. R. R. and N. O. & N. E. R. R. south of Cincinnati would receive 19½ cents for its haul of 716 miles, which would yield 5.45 mills.

Average of the four crossings.....5.59 mills.

* * * * * *

The testimony shows that the average rate per ton per mile accruing to the lines south of Cairo, Evansville, Louisville and Cincinnati, on lumber originating in Mississippi territory and destined to representative markets of consumption in territory north of the Ohio River, is less than the average rate per ton per mile on lumber from points in Ohio, Indiana, Illinois, Wisconsin and Michigan to New York City. Said last mentioned rates are charged in what

is known as Central Freight Association territory; and in its report and opinion in the case of H. H. Tift et al. v. Southern Ry. Co., et al., 10 I. C. Rep., 548, the Commission concedes "that because of the greater density of traffic in Central Freight Association territory and in Eastern territory, rates in general are made materially lower in those territories than in Southern territory."

In his testimony before the Commission, Mr. C. B. Compton filed a statement marked Exhibit "S" (Trans., Vol. II, p. 883), which shows the rates on lumber in carloads to New York City from thirty representative points of shipment north of the Ohio River, in the States of Ohio, Indiana, Illinois, Wisconsin and Michigan. It also shows the short line distance; the rate; and the rate per ton per mile, from each of said points of shipment to New York City. It shows that the average distance is 911 miles; the average rate is 25.6 cents per hundred pounds, and the average rate per ton per mile is 5.6 mills.

Trans., Vol. II, p. 883.

We have hereinbefore shown that the average rate per ton per mile accruing up to the four Ohio River crossings on lumber originating in Mississippi territory and destined to representative points north of the Ohio River is only 5.59 mills.

* * * * * *

The testimony shows that the average rate per ton per mile accruing to the lines south of Cairo, Evansville, Louisville and Cincinnati on lumber originating in Mississippi territory and destined to representative markets of consumption in territory north of the Ohio River is less than the average rate per ton per mile from the Mississippi territory

to 21 representative points of destination in Illinois, Indiana, Kentucky, Ohio, New York, Pennsylvania and Michigan.

Exhibit "A" to F. B. Bowes' testimony (Trans., Vol. II, pp. 846, 847), contains, among other things, a statement of the rates from McComb, Miss., a representative lumber shipping point on the line of the Illinois Central Railroad, to 21 representative points of destination in Illinois, Indiana, Kentucky, Ohio, New York, Pennsylvania and Michigan.

From said point of origin to each of said points of destination the through rate is shown; also the short line distance. Said statement also shows the "charges in mills per ton per mile" from McComb to each of said points of destination. It also shows that the "average carrying charge in mills per ton per mile" from McComb to all of said destinations on the basis of the present rates is 6 mills.

Trans., Vol. II, p. 868.

We have hereinbefore shown in this section that the average rate per ton per mile accruing up to the four Ohio River crossings on lumber originating in Mississippi territory and destined to representative points north of the Ohio River is only 5.59 mills.

* * * * * *

The testimony shows that the average rate per ton per mile accruing to the lines south of Cairo, Evansville, Louisville and Cincinnati on lumber originating in Mississippi territory and destined to representative markets of consumption in territory north of the Ohio River is less than the average rate per ton per mile on lumber from points in Minnesota and Wisconsin to Chicago.

In his testimony before the Commission, Mr. C. B. Compton filed a statement marked Exhibit "E" (Trans., Vol. II, p. 868), which shows the rates on lumber in carloads from ten representative points in Minnesota and Wisconsin to Chicago, Ill. It shows that the average rate from all of said points of origin to Chicago is 10.8 cents per hundred pounds; the average distance 359.7 miles, and the average rate per ton per mile 6.03 mills.

Trans., Vol. II, p. 868.

We have hereinbefore shown in this section that the average rate per ton per mile accruing up to the four Ohio River crossings on lumber originating in Mississippi territory and destined to representative points north of the Ohio River is only 5.59 mills.

* * * * * *

The testimony shows that the average rate per ton per mile accruing to the lines south of Cairo, Evansville, Louisville and Cincinnati on lumber originating in Mississippi territory and destined to representative markets of consumption in territory north of the Ohio River is less than the average rate per ton per mile on lumber from points in Arkansas, Texas and Louisiana to points in Illinois, Wisconsin, Indiana, Pennsylvania, New York, Missouri and Kentucky.

In his testimony before the Commission, Mr. C. B. Compton filed a statement marked Exhibit "N" (Trans., Vol. II, pp. 877, 878), showing the rates on lumber from numerous representative points of origin in Arkansas, Texas and Louisiana to 38 representative points of destination, in the States of Illinois, Wisconsin, Ohio, Kentucky, Indiana, Pennsyl-

vania and New York, and also to St. Louis, Mo. Said statement shows the mileages and rates from said points of origin to said points of destination. It shows that the average mileage is 846 miles, and that the average rate per ton per mile is 6.59 mills.

Trans., Vol. II, pp. 877, 878.

We have hereinbefore shown in this section that the average rate per ton per mile accruing up to the four Ohio River crossings on lumber originating in Mississippi territory and destined to representative points north of the Ohio River is only 5.59 mills.

* * * * * *

The testimony shows that the average rate per ton per mile accruing to the lines south of Cairo, Evansville, Louisville and Cincinnati on lumber originating in Mississippi territory and destined to representative markets of consumption in territory north of the Ohio river is less than the average rate per ton per mile received by the roads north of the Ohio River on lumber from Georgia, Alabama and Mississippi, carried by the defendants to the Ohio River.

In his testimony before the Commission, Mr. C. B. Compton filed a statement marked Exhibit "Q" (Trans., Vol. II, pp. 880, 881), which shows the rates on lumber in carloads received by the lines north of the Ohio River, from Cairo to Cincinnati, inclusive, to 32 representative points of destination in the territory north of the Ohio River.

Said statement shows the rates from each of said Ohio River crossings to each point of destination, the mileage, and the rate per ton per mile. It also shows the average

rate from all of said crossings to each of said points of destination, and the average rate per ton per mile. It also shows the average mileage from all of said crossings, to all of said destinations, to be 317 miles; and the average rate per ton per mile to be 6.91 mills.

Trans., Vol. II, pp. 880, 881.

We have hereinbefore shown in this section that the average rate per ton per mile accruing up to the four Ohio River crossings on lumber originating in Mississippi territory and destined to representative points north of the Ohio River is only 5.59 mills.

* * * * * *

The testimony shows that the average rate per ton per mile accruing to the lines south of Cairo, Evansville, Louisville and Cincinnati, on lumber originating in Mississippi territory, and destined to representative markets of consumption in territory north of the Ohio River is less than the average rate per ton per mile on lumber from stations on the Norfolk & Western Railway to New York City, approved, in effect, by the Commission itself.

In the case of the National Wholesale Lumber Dealers' Association v. N. & W. Ry. Co. et al., 9 I. C. Rep., p. 90, certain rates on lumber from certain points on the N. & W. Ry. to New York City were complained of as being unreasonably high.

On page 90 of the report and opinion of the Commission in that case is a table showing the names of said stations, and the distances, rates per hundred pounds, and rates per ton per mile on lumber other than oak, from each of said

stations to New York City, from December 28, 1892, to the date of the hearing of said case. Said statement shows that at the date of said hearing the rates per ton per mile from said stations to New York on lumber other than oak varied from 7.8 mills to 8.8 mills.

The Commission ordered (see page 87) that there should be an aggregate reduction of 2½ cents per hundred pounds in said through rates. And after making said reduction, as ordered by the Commission, the rates per ton per mile on lumber other than oak from said stations to New York varied from 7.1 mills to 7.4 mills.

9 I. C. Rep., pp. 87, 90, National Wholesale Lumber Dealers' Assn. v. N. & W. Ry. Co. et al.

We insist that after said reduction of 2½ cents per hundred pounds was made in said rates, as ordered by the Commission in said case, the rates as reduced were, in effect, approved by the Commission, and the rates per ton per mile resulting from the reduced rates varied, as just shown, from 7.1 mills to 7.4 mills.

We have hereinbefore shown in this section that the average rate per ton per mile accruing up to the four Ohio River crossings on lumber originating in Mississippi territory and destined to representative points north of the Ohio River is only 5.59 mills.

The Commission, in its report and opinion, in the case just cited, said that the lumber rates of the Norfolk & Western Railway should be somewhat lower than might be reasonable in distinctly Southern territory; and yet the average rates per ton per mile of the Norfolk & Western Railway on

lumber in that case, even after making the reduction ordered by the Commission, are materially higher than the average rate per ton per mile yielded by the revenue of the appellants on traffic destined to points beyond the Ohio River.

* * * * * *

The testimony shows that the average rate per ton per mile accruing to the lines south of Cairo, Evansville, Louisville and Cincinnati on lumber originating in Mississippi territory and destined to representative markets of consumption in territory north of the Ohio River is less than the average rate per ton per mile on lumber from points in Michigan and Wisconsin to points on the Missouri River and beyond.

In his testimony before the Commission, Mr. C. B. Compton filed a statement marked Exhibit "R" (Trans., Vol. II, p. 882), showing the rates on lumber from nine representative points of origin in Michigan and Wisconsin, to eight representative points of destination, on the Missouri River and beyond. Said statement shows the average short line distance to be 808 miles; the average rate to be 28.6 cents; and the average rate per ton per mile to be 7.1 mills.

Trans., Vol. II, p. 882.

We have hereinbefore shown in this section that the average rate per ton per mile accruing up to the four Ohio River crossings on lumber originating in Mississippi territory and destined to representative points north of the Ohio River is only 5.59 mills.

* * * * * *

The testimony shows that the average rate per ton per mile accruing to the lines south of Cairo, Evansville, Louis-

ville and Cincinnati on lumber originating in Mississippi territory and destined to representative markets of consumption in territory north of the Ohio River is less than the average rate per ton per mile on lumber from points on the Texas & Pacific Railway in Texas, Louisiana and Arkansas to Missouri River points.

In his testimony before the Commission, Mr. C. B. Compton filed a statement marked Exhibit "O" (Trans., Vol. II, p. 879), showing the rates on lumber in carloads from stations on the Texas & Pacific Railway in Texas, Louisiana and Arkansas to Missouri River points. It shows the distance from Shreveport, La., which is fairly representative of the distance from said stations of origin to said points of destination. It also shows the rates from all of said stations of origin to all of said points of destination. It also shows the average rate per ton per mile from all of said stations of origin to all of said points of destination to be 7.37 mills.

Trans., Vol. II, p. 879.

We have hereinbefore shown in this section that the average rate per ton per mile accruing up to the four Ohio River crossings on lumber originating in Mississippi territory and destined to representative points north of the Ohio River is only 5.59 mills.

* * * * * *

The testimony shows that the average rate per ton per mile accruing to the lines south of Cairo, Evansville, Louisville and Cincinnati on lumber originating in Mississippi territory and destined to representative markets of consumption in territory north of the Ohio River is less than the average rate per ton per mile on lumber from points in Michigan to points in Central Freight Association territory.

In his testimony before the Commission, Mr. C. B. Compton filed a statement marked Exhibit "D" (Trans., Vol. II, p. 867), showing the rates on pine lumber from points in Michigan to points in Central Freight Association territory, viz.: Cincinnati, Louisville, Evansville, Cairo, Columbus, Cleveland, Indianapolis, Terre Haute, Pittsburg and Chicago. It shows the rate and distance from each of said points of origin to each of said points of destination. It shows that the average mileage from all of said points of origin to all of said points of destination is 389 miles. It shows that the average rate from all of said points of origin to all of said points of destination is 15.1 cents; and that the average rate per ton per mile from all of said points of origin to all of said points of destination is 7.8 mills per ton per mile.

Trans., Vol. II, p. 867.

We have hereinbefore shown in this section that the average rate per ton per mile accruing up to the four Ohio River crossings on lumber originating in Mississippi territory and destined to representative points north of the Ohio River is only 5.59 mills.

* * * * * *

The testimony shows that the average rate per ton per mile accruing to the lines south of Cairo, Evansville, Louisville and Cincinnati on lumber originating in Mississippi territory and destined to representative markets of consumption in territory north of the Ohio River is less than the average rate per ton per mile on lumber from stations on the Texas & Pacific Railway in Texas, Louisiana and Arkansas to Clayton, N. M., and Trinidad, Grey Creek, LaJunta, Pueblo and Denver, Colo.

In his testimony before the Commission, Mr. C. B. Comp-

ton filed a statement marked Exhibit "P" (Trans., Vol. II, p. 879), which shows the distance from Shreveport, La., which is fairly representative of the distances from all of said stations of origin to said points of destination. Said statement also shows the rates from all of said stations of origin to all of said points of destination. It also shows the average rate per ton per mile from all of said stations of origin to all of said points of destination to be 8.31 mills.

Trans., Vol. II, p. 879.

We have hereinbefore shown in this section that the average rate per ton per mile accruing up to the four Ohio River crossings on lumber originating in Mississippi territory and destined to representative points north of the Ohio River is only 5.59 mills.

* * * * * *

The testimony shows that the average rate per ton per mile accruing to the lines south of Cairo, Evansville, Louisville and Cincinnati on lumber originating in Mississippi territory and destined to representative markets of consumption in territory north of the Ohio River is less than the average rate per ton per mile on lumber from Camden, Ark., and Trinity, Tex., to Wichita, Kas., approved, in effect, by the Commission itself.

In the case of the Mayor, etc., of Wichita v. C. R. I. & P. Ry. Co. et al., 9 I. C. Rep., pp. 573, 579, certain rates on lumber from Camden to Wichita, and from Trinity to Wichita, were complained of as being unreasonably high.

On page 573, of the report and opinion of the Commission in that case, is a table showing the names of said sta-

tions, and the distances, and rates per hundred pounds, on lumber. The distance from Camden to Wichita is 607 miles, and from Trinity to Wichita the distance is 633 miles. The rate from both Camden and Trinity to Wichita was 28½ cents per hundred pounds. The Commission decided (see page 579) that any rate from Camden or Trinity to Wichita beyond 27½ cents was unreasonable; which amounted to a reduction in said rates of 1 cent per hundred pounds. Under the rate of 28½ cents, the rate per ton per mile from Camden to Wichita was 9.4 mills; and the rate per ton per mile from Trinity to Wichita was 9.3 mills. After the reduction of 1 cent per hundred pounds was made in said rates, as ordered by the Commission, they were reduced to 27½ cents per hundred pounds; and under said reduced rates, the rate per ton per mile from Camden to Wichita became 9 mills; and the rate per ton per mile from Trinity to Wichita became 8.7 mills.

9 I. C. Rep., pp. 573, 579, Mayor, etc., of Wichita v. C. R. I. & P. Ry. et al.

We insist that after said reduction of 1 cent per hundred pounds was made in said rates, as ordered by the Commission in said case, the rates as reduced were, in effect, approved by the Commission, and the rates per ton per mile resulting from the reduced rates varied, as just shown, from 8.7 mills to 9 mills.

We have hereinbefore shown in this section that the average rate per ton per mile accruing up to the four Ohio River crossings on lumber originating in Mississippi territory and destined to representative points north of the Ohio River is only 5.59 mills.

* * * * * *

We submit herewith a recapitulation of the foregoing comparison between the average rate per ton per mile accruing up to the four Ohio River crossings on lumber originating in Mississippi territory and destined to representative points north of the Ohio River, and the rates per ton per mile charged by other carriers for the transportation of lumber in other sections of the United States:

The average rate per ton per mile from Camden to Wichita, in effect, approved by the Commission .....9. mills

The average rate per ton per mile from Trinity to Wichita, in effect, approved by the Commission .....8.7 mills

The average rate per ton per mile from stations on the T. & P. Railway in Texas, Louisiana and Arkansas, to points in New Mexico and Colorado .....8.31 mills

The average rate per ton per mile from points in Michigan to points in Central Freight Association territory .....7.8 mills

The average rate per ton per mile from stations on the T. & P. Railway, in Texas, Louisiana and Arkansas, to Missouri River points.....7.37 mills

The average rate per ton per mile from points in Michigan and Wisconsin to points on and beyond the Missouri River .....7.1 mills

The average rate per ton per mile from certain points on N. & W. Railway to New York, in effect, approved by the Commission.....7.1 mills

The average rate per ton per mile received by roads north of the Ohio River from Ohio River crossings to points north of the Ohio River...6.91 mills

The average rate per ton per mile from points in Arkansas, Texas and Louisiana to points in Illinois, Wisconsin, Ohio, Kentucky, Indiana, Pennsylvania, New York, etc.....6.59 mills

The average rate per ton per mile from points in Minnesota and Wisconsin to Chicago.....6.03 mills

The average rate per ton per mile from Mississippi territory to representative destinations in territory north of the Ohio River.....6 mills

The average rate per ton per mile from points in Ohio, Indiana, Illinois, Wisconsin and Michigan to New York City .....5.6 mills

The average rate per ton per mile accruing to the lines south of Cairo, Evansville, Louisville and Cincinnati on lumber originating in Mississippi territory and destined to representative markets of consumption in territory north of the Ohio River, it being the rate per ton per mile in controversy .....5.59 mills

It will be seen that the average rates per ton per mile used in the foregoing comparisons represent lumber rates charged in Texas, New Mexico, Kansas, Arkansas, Missouri, Minnesota, Wisconsin, Illinois, Michigan, Indiana, Ohio, Pennsylvania and New York.

It will be further seen that the average revenue per ton per mile accruing to the lines south of Cairo, Evansville,

Louisville and Cincinnati on lumber originating in Mississippi territory and destined to representative markets of consumption in territory north of the Ohio River is less than any of the other rates per ton per mile with which it is compared. We insist that it was error of law for the Commission, and the Court, to refuse to give to said comparisons the legal value to which they are entitled.

X.

THE RATES FROM MISSISSIPPI POINTS TO OHIO RIVER POINTS AND POINTS BEYOND ARE REASONABLY LOW, BECAUSE THEY ARE LOWER THAN THE RATES ON LUMBER BETWEEN MANY OTHER POINTS FOR SIMILAR DISTANCES.

Mr. Green, in his testimony before the Commission, filed a statement marked Exhibit No. 10 (Trans., Vol. II, pp. 903, 904, 905), which contains a comparison of existing rates on lumber, and of distances, from points in Mississippi to points on and beyond the Ohio River, with existing rates on lumber, and distances between various other points in the United States. While the statements filed by Mr. Bowes and Mr. Compton compare the average rates per ton per mile, Mr. Green's statement compares the rates themselves; and it show that the rates from points in Mississippi to points of destination, on and beyond the Ohio River, are lower than the rates on lumber between many other points for substantially similar distances.

For instance, it shows that the rate on lumber from Black Mountain, N. C., to Louisville, Ky., is 18 cents, for a distance of 411 miles; while the rate from Laurel, Miss., to Cairo, Ill., for a distance two miles greater is but 16 cents.

It shows that the rate on lumber from Winston-Salem, N. C., to Pittsburg, Pa., is 23½ cents, for a distance of 577 miles; while the rate from Lumberton, Miss., to Mt. Vernon, Ill., for a distance one mile greater is only 20 cents.

It shows that the rate on lumber from Hot Springs, N. C., to Kensington, Ohio, is 29½ cents, for a distance of 658 miles; while the rate from Lumberton, Miss., to Louisville, Ky., for exactly the same distance is only 2[illegible] cents.

It shows that the rate from Seattle, Wash., to Shelby Junction, Mont., is 35 cents, for a distance of 750 miles; while the rate from Lumberton, Miss., to Peoria, Ill., for a distance one mile greater is only 25 cents.

It shows that the rate on lumber from Tacoma, Wash., to Sacramento, Cal., is 35 cents, for a distance of 827 miles; while the rate from Lumberton, Miss., to Joliet, Ill., for exactly the same distance is only 26 cents.

It shows that the rate on lumber from Charlevoix, Mich., to Chillicothe, Ohio, is 30 cents, for a distance of 836 miles; while the rate from Hattiesburg, Miss., to Columbus, Ohio, for exactly the same distance is only 29 cents.

It shows that the rate on lumber from Tacoma, Wash., to Livingston, Mont., is 50 cents, for a distance of 905 miles; while the rate from Hattiesburg, Miss., to Coshocton, Ohio, for a distance of 904 miles is only 31 cents.

It shows that the rate from Spokane, Wash., to Bismarck, N. D., is 50 cents, for a distance of 1,068 miles; while the

rate from Lumberton, Miss., to Toledo, Ohio, for a distance 10 miles greater is only 30 cents.

Trans., Vol. II, pp. 903, 904, 905.

Many other comparisons will be found in said statement which were wholly uncontradicted; and we insist that it was error of law for the Commission, and the Court, to refuse to give to said comparisons the legal value to which they are entitled.

The legal value of comparisons between rates, on the question of the reasonableness of rates, was recognized by Judge MacDowell in the case of I. C. C. v. Southern Ry., 117 Fed. Rep., p. 745; affirmed 122 Fed Rep., p. 800.

In the case of Cotting v. K. C. Stockyards, 183 U. S., p. 98, this Court said:

"In the absence of testimony to the contrary, a customary charge should be regarded as reasonable and rightful."

A case cited with approval by this Court in the Cotting case, held that:

"The law makes it the duty of every common carrier to receive and carry all goods . . . and authorizes a reasonable reward to be charged for the service. The amount to be paid is, in a measure, subject to the agreement of the parties; but when the amount is not fixed by contract, the law implies that the carrier shall have a reasonable reward, which is to be ascertained *by the amount commonly, or customarily paid for other like services.*"

183 U. S., p. 98.

The position of the Commission with respect to the value

of comparisons for the purpose of determining the reasonableness of rates has been by no means consistent.

In the case of the Cattle Raisers Assn. of Texas v. M. K. & T. Ry. et al., in which the reasonableness of the rates on cattle, which were the subject of complaint, was sought to be sustained by exhaustive comparisons with higher rates upon cattle in other sections of the United States and in Canada and Mexico, the Commission attached little weight to the comparisons, and said that their value was "not great."

11 I. C. Rep., pp. 338, 339.

In the case, however, of the National Wholesale Lumber Dealers' Association v. N. & W. Ry. et al., involving the reasonableness of lumber rates from points on the N. & W. Ry. to New York City, the Commission found that the rates from N. & W. points were higher than those from either C. & O. or B. & O. points to New York; and that the rates on lumber from Indiana and Michigan points to New York were upon the basis of rate per ton per mile relatively much less than from N. & W. points.

9 I. C. Rep., pp. 111, 113.

The Commission further compared the rates from N. & W. stations to New York with rates from Southern points to New York, and accounted for the fact that conditions generally in the South justified higher rates.

9 I. C. Rep., p. 112.

In said case, after instituting the comparisons mentioned, the Commission held that upon all the facts and circumstances the through rates from N. & W. stations to New York were unreasonable and should be reduced 2½ cents per hundred pounds.

9 I. C. Rep., p. 87.

If comparisons are regarded by the Commission as of legal value for the purpose of reducing rates, it would seem but fair that the Commission should regard them as of legal value for the purpose of sustaining the reasonableness of existing rates; especially when the reasonableness of the existing rates has been, as in the present case, sustained by comparions in an overwhelming manner.

XI.

The Rates from Mississippi Territory to the Ohio River are Reasonably Low, Because it is to the Interest of the Appellants that they Should be So.

Appellants submit as further evidence that their rates on lumber from shipping points in Mississippi territory to the Ohio River crossings are just and reasonable, the fact that they have the strongest possible motives for keeping the rates down to a point low enough to allow the traffic to move; otherwise they would lose it altogether.

9 Ry. & Can. Traf. Cas. (Browne & McNamara), pp. 114, 119.

Ricketts Smith et. al. v. Midland Ry. Co. et al.

In the case just cited, Collins, J., said:

"It is of vital importance to the defendants not to drive the trade away, and I think their enlightened self-interest may be trusted to prevent them doing so; and so far as I can form an opinion upon the statistics, they have not done so."

Ibid, p. 119.

The testimony in this case shows that the appellants

were the real pioneers in introducing yellow pine lumber into the territory on and north of the Ohio River.

They undertook to foster Southern yellow pine interests by introducing the Southern pine into that territory.

They systematically had their representatives undertake to set forth its merits in order that it might be introduced.

The roads used it in manufacturing cars in their own shops.

They put it into their specifications so as to require other manufacturers of their cars to use it.

They so adjusted their rates as to enable it to compete successfully with other lumber on and north of the Ohio River.

No such favorable adjustment of rates was ever made by the Southern lines for any other commodity.

Trans., Vol. II, p. 270.
Trans., Vol. II, p. 417.

We insist that it was error of law for the Commission, and the Court, to refuse to give to those facts the legal value to which they are entitled.

XII.

The Rates from Mississippi Territory are Reasonable, Because the Lumber Interests in Alabama, Mississippi and Louisiana Have Prospered under the Rate Adjustment Made by Appellants.

Appellants submit as further evidence that their rates on lumber from Mississippi territory to Ohio River crossings are just and reasonable, the fact that the lumber interests there have prospered under the rate adjustments made by appellants from time to time.

The lumber establishments in Alabama have increased from 284 in 1870 to 1,111 in 1900.

12th Census, 1900, Vol. IX, Manufactures, Part III, pp. 807-810.

The lumber capital in Alabama has increased from $744,005 in 1870 to $13,020,183 in 1900.

Same citation.

The lumber establishments in Mississippi have increased from 265 in 1870 to 844 in 1900.

Same citation.

The lumber capital in Mississippi has increased from $1,153,917 in 1870 to $17,337,538 in 1900.

Same citation.

The lumber establishments in Louisiana have increased from 152 in 1870 to 432 in 1900.

Same citation.

The lumber capital in Louisiana has increased from $541,800 in 1870 to $20,093,044 in 1900.

Same citation.

The yellow pine lumber shipped from points on the L. & N. R. R. (M. & M. Division) increased from 2,540 cars in 1888 to 7,111 cars in 1902.

Trans., Vol. II, pp. 290, 291, 896.

We insist that it was error of law for the Commission, and the Court, to refuse to give to these facts the legal value to which they are entitled.

XIII.

The Rates from Mississippi Territory to the Ohio River are Reasonably Low, Because the Percentage of Increase has been Greater in the Price of Lumber than in the Rates on Lumber.

Appellants submit as further evidence that their rates on lumber from shipping points in Mississippi territory to the Ohio River crossings are just and reasonable, the fact that the percentage of increase has been greater in the price of lumber than in the rates on lumber.

The tables appearing in the report and opinion of the majority of the Commission in this case (Trans., Vol. II, p. 970), show that the lowest point of depression in the Chicago lumber market was reached in 1897; and that the prices of lumber in the Chicago market steadily and continuously increased during 1898, 1899 and 1900; that there was a slight falling off in prices during 1901, which was fully recovered

in 1902, when prices higher than any during the previous five years were reached.

To illustrate, the prices in Chicago during the first quarter of 1897 and 1902 respectively, were as follows:

Grade	1897	1902	Percentage of Increase
A.	$12 00	$22 50 to $23 50	91.6
B.	10 00	18 50 to 19 50	90
C.	15 50	19 50 to 22 00	34
Average			71.8

During the period from the first quarter of 1897 to the first quarter of 1902 there were only two increases of 1 cent each in the rates to Chicago from Mississippi territory. The rate to Chicago in the first quarter of 1897 was 22 cents, and (including said increases) the rate to Chicago in the first quarter of 1902 was 24 cents; which amounts to an increase of only 9.09 per cent.

Trans., Vol. II, p. 852.

In other words, while the price of yellow pine lumber in the Chicago market, between the first quarter of 1897 and the first quarter of 1902 increased 71.8 per cent, the rate on lumber from Mississippi territory to Chicago increased only 9.09 per cent.

To further illustrate: The prices of lumber in the Chicago market during the first quarter of 1897 and the first quarter of 1905 were as follows:

Grade	1897	1905	Percentage of Increase
A.	$12 00	$20 00 to $22 00	75.0
B.	10 00	18 50 to 19 50	90.0
C.	15 50	20 50 to 21 50	35.5
Average			66.8

During the period from the first quarter of 1897 to the first quarter of 1905 there were two increases of 1 cent each, and one increase of 2 cents (which latter increase is the one complained of in this case), making a total increase during that period of 4 cents in the rates to Chicago from Mississippi territory. The rate to Chicago in the first quarter of 1897 was 22 cents, and (including all three of said increases) the rate to Chicago in the first quarter of 1905 was 26 cents; which amounts to an increase of only 18.1 per cent.

Bowes, Exhibit "D," Trans., Vol. II, p. 852.
Compton, Exhibit No. 4, Trans., Vol. II, p. 195.

In other words, while the prices of yellow pine lumber in the Chicago market between the first quarter of 1897, and the first quarter of 1905 increased 66.8 per cent, the rates on lumber from Mississippi territory increased (including the 2 cents increase complained of), only 18.1 per cent.

The testimony shows that between June 1, 1899, and April 1, 1903, there was a marked increase in the price of every one of twenty different grades of yellow pine lumber in the St. Louis market.

Compton, Exhibit "G," Trans., Vol. II, pp. 278, 279, 870.

The average price paid by the Southern Railway Company for yellow pine lumber for the fiscal year ending June 30, 1899, was $9.84 per thousand feet, and for the fiscal year ending June 30, 1903, it was $13.43 per thousand feet, an increase of $3.59 per thousand feet, or 36.5 per cent.

Green, Ex. No. 13, Trans., Vol. II, p. 907.

The average price per thousand feet of yellow pine used by the N. O. & N. E. R. R. increased from $9.25 in 1899 to $11.79 in 1903, an increase of 27.46 per cent.

Jones, Ex. No. 2, Trans., Vol. II, pp. 425, 913.

The prices of certain yellow pine lumber (dimension stuff) purchased by the Louisville & Nashville Railroad increased from January, 1901, to March, 1903, to a very marked extent.

Compton Exhibit "T," Trans., Vol. II, pp. 884, 885.

We insist that it was error of law for the Commission, and the Court, to refuse to give to these facts the legal value to which they are entitled.

XIV.

The Rates from Mississippi Territory to the Ohio River are Reasonably Low, Because the Transportation of Lumber is Exceptionally Expensive to the Carrier.

Appellants submit as further evidence that their rates on lumber from shipping points in Mississippi territory to the Ohio River crossings are just and reasonable, the fact that the transportation of the lumber in controversy is exceptionally expensive to the carrier.

About 30 per cent of the lumber handled by the L. & N. R. R., the N. O. & N. E. R. R., and the A. & V. Ry. is transported on flat cars

Compton, Trans., Vol. II, p. 266.

Steele, Trans., Vol. II, p. 420.

About 65 per cent of the lumber handled by the M. & O. R. R. to points on and north of the Ohio River moves on flat cars.

Miller, Trans., Vol. II, p. 384.

From 85 to 100 per cent of the flat cars are hauled south empty.

Miller, Trans., Vol. II, p. 384.
Green., Trans., Vol. II, p. 214.
Compton, Trans., Vol. II, pp. 266, 267.

The flat car is the most economical to the shipper, because it costs him very much less to load a flat car than to load a box car.

Steele, Trans., Vol. II, pp. 415, 416.

Flat cars are very much more expensive for the railroads to furnish, because so large a per cent of them have to be hauled South empty, and in the case of foreign cars, they cost 20 cents per day for rent.

Steele, Trans., Vol. II, pp. 415, 416.
Green, Trans., Vol. II, p. 214.

Mr. Compton testifies that flat cars are furnished at the instance of shippers, and that their reason for desiring them is on account of the lengths of lumber which it is inconvenient to load in box cars; and for the further reason that it is cheaper to load a flat car than to load a box car.

Compton, Trans., Vol. II, p. 267.

Mr. Miller testifies that flat cars are furnished on the M. & O. R. R. in response to the demands of shippers.

Miller, Trans., Vol. II, p. 384.

Therefore the flat cars which are preferred by shippers for lumber, constitute a special equipment which the carriers are compelled to provide for the lumber business in controversy.

We insist that it was error of law for the Commission, and the Court, to refuse to give those facts the legal value to which they are entitled.

XV.

THE RATES FROM MISSISSIPPI TERRITORY TO THE OHIO RIVER ARE REASONABLY LOW, BECAUSE APPELLANTS' OPERATING EXPENSES HAVE MATERIALLY INCREASED IN RECENT YEARS.

Appellants submit as further evidence that their rates on lumber from shipping points in Mississippi territory to the Ohio River crossings are just and reasonable, the fact that their operating expenses have materially increased in recent years.

The report and opinion in this case (Trans., Vol. II. p. 975) admits that appellants' operating expenses have increased from year to year. It says, however, that those increases are due to the growth of business resulting from the larger mileage operated.

Appellants will hereinafter show that the increase in their mileage in 1902 over 1901 was only 1.05 per cent, while the increase in their operating expenses in 1902 over 1901 was 10.47 per cent; and that while the increase in their mileage in 1903 over 1902 was only 2.62 per cent, the in-

crease in their operating expenses in 1903 over 1902 was 14.66 per cent.

The testimony shows that the cost of operating railroads in the South has greatly increased in recent years.

The cost of lumber purchased by the Southern Railway increased as follows:

1899 over 1898 .....16.3 per cent.
1900 over 1899 .....84. per cent.
1901 over 1900 .....13.9 per cent.
1902 over 1901 .....12.1 per cent.
Green, Ex. 13, Trans., Vol. II, p. 907.

The cost of fuel purchased by the Southern Railway increased as follows:

1899 over 1898 .....18.38 per cent.
1900 over 1899 .....53.66 per cent.
1901 over 1900 .....20.11 per cent.
1902 over 1901 .....15.56 per cent.
1903 over 1902 .....30.21 per cent.
Green, Ex. 13, Trans., Vol. II, p. 908.

The cost of wages on the Southern Railway increased as follows:

1899 over 1898 .....17.25 per cent.
1900 over 1899 .....21.43 per cent.
1901 over 1900 ..... 6.53 per cent.
1902 over 1901 .....14.47 per cent.
1903 over 1902 .....19.97 per cent.
Green, Ex. 13, Trans., Vol. II, p. 907.

The cost of steel rails on the Southern Railway increased as follows:

1903 over 1898 .....57.75 per cent.
Green, Ex. 13, Trans., Vol. II, p. 908.

The cost of equipment on the Southern Railway has increased as follows:

Locomotives: 1902 over 1898 .....26.5 per cent.
1903 over 1902 .....11.73 per cent.
Box Cars: 1902 over 1899 .....38.4 per cent.
1903 over 1902 .....22.78 per cent.
Flat Cars: 1902 over 1898 .....67.8 per cent.

Coal and Gondola Cars:

1902 over 1898 .....83.6 per cent.
1903 over 1902 ..... 5.01 per cent.
Green, Ex. 13, Trans., Vol. II, pp. 908, 909.

The increase in the average price paid for coal and gondola cars by the Southern Railway in 1903 over that paid in 1898 was $446.46, or 121.8 per cent.
Green, Ex. 13, Trans., Vol. II, p. 909.

Mr. Green states that the increased cost of locomotives and cars has not been occasioned altogether by increased size, power or capacity; but largely by the increased prices of labor and materials, resulting in an increased cost per unit of power and capacity.
Green, Ex. 13, Trans., Vol. II, p. 909.

The percentages of increase in the average daily pay of

employes on the Mobile & Ohio Railroad in 1903 over 1899 were as follows:

Engineers ..... 33.7 per cent.
Firemen .....30 per cent.
Conductors .....51.9 per cent.
Brakemen .....61.5 per cent.
Taylor, Trans., Vol. II, p. 935.

The percentages of increase in the cost of various kinds of equipment on the M. & O. R. R. were as follows in 1902 as compared with 1898:

Steel rail ..... 55.5 per cent.
Engines (of same character in each instance) ..... 68.4 per cent.
Box cars ..... 61 per cent.
Flat cars .....193.4 per cent.
Coal cars ..... 56.1 per cent.
Taylor, Trans., Vol. II, p. 935.

On the Illinois Central Railroad the prices of locomotives, box cars, and coal and gondola cars, had increased in 1903 as compared with 1899, by the following percentages, viz.:

Locomotives, per unit of efficiency....74.3 per cent.
Box cars, per unit of capacity.....49.4 per cent.
Coal and gondola cars, per unit of capacity .....63.3 per cent.
Wallace, Trans., Vol. II, pp. 330, 331.

From July, 1897, to June, 1900, the average cost of coal at the mines, to the Illinois Central Railroad, was

85.36 cents; from July, 1900, to June, 1903, the average cost of coal at the mines was 99.73 cents. Increase, 16.8 per cent.

Wallace, Trans., Vol. II, p. 329.

The Illinois Central Railroad has been compelled through negotiations with labor organizations to advance its rates of pay for labor, and in 1903 was on a basis of approximately $2,000,000 more per year for labor than it was two years before.

Wallace, Trans., Vol. II, p. 331.

One element in the increased cost of labor to the Illinois Central Railroad is the shortening of hours. In the summer of 1903, in response to the demands of the order of railway telegraphers, the expenses of the Illinois Central Railroad, as to that class of employes alone, were increased by $40,000 or $50,000 per year.

Wallace, Trans., Vol. II, p. 332.

Mr. L. A. Jones files elaborate exhibits showing the various increases in prices of labor, materials and equipment purchased by the N. O. & N. E. R. R.

Said exhibits show the following percentages of increase in prices paid by the N. O. & N. E. R. R., in the year 1903, as compared with 1899, viz:

Pine lumber, per M.....27.46 per cent.
Fuel, per ton .....43.07 per cent.
Steel rail, per ton .....53.35 per cent.
Box cars 60,000 lbs. capacity.....29.90 per cent.
Flat cars 60,000 lbs. capacity .....46.33 per cent.
Coal cars 60,000 lbs. capacity .....50.96 per cent.

Jones, Exhibits Nos. 2, 3, 4 and 6, Trans. Vol. II, pp. 913, 914.

From December 1, 1898, to the close of the year 1903, wages on the N. O. & N. E. had been increased as follows:

Engineers and Firemen—
Three advances of 5 per cent each.

Trainmen—
Three advances of 5 per cent each.

Switchmen—
Two advances of 5 per cent each, one advance of 6 per cent.

Shopmen—
Three advances of 5, 3 and 7 per cent, respectively.

Trackmen—
One advance of 11 per cent.

Station labor at New Orleans—
Two advances of 7 and 9 per cent respectively.

In addition to the general increases on classified men, increases have been given at individual localities, and agents and operators, hostlers and wipers, car cleaners and all other employes have been increased from time to time.

Jones, Ex. 1, Trans., Vol. II, pp. 912, 913.

Substantially the same is shown by the exhibits filed by Mr. Jones with reference to the Alabama & Vicksburg Railway.

Jones, Exhibits Nos. 7, 8, 9, 10, 11 and 12, Trans., Vol. II, pp. 914, 915, 916.

We insist that it was error of law for the Commission,

and the Court, to refuse to give to those facts the legal value to which they are entitled.

XVI.

THE RATES FROM MISSISSIPPI TERRITORY TO THE OHIO RIVER ARE, IN THE OPINION OF COMPETENT EXPERTS, REASONABLY LOW.

Appellants submit as further evidence that their rates on lumber from shipping points in Mississippi territory to the Ohio River crossings are just and reasonable, the fact that the following named experts state that in their opinion said rates are reasonably low, and they state, as the reasons upon which they base their opinions, the facts set forth hereinbefore in sections VIII to XV inclusive.

We insist that the opinions of said experts, while not controlling, are entitled to great weight; especially as they are opposed by only three of the five experts constituting the Commission.

93 Fed. Rep., pp. 88, 89, I. C. C. v. W. & A. R. R. Co.

The experts introduced on behalf of the defendants were: Mr C. B. Compton, Traffic Manager L. & N. R. R. Co.; Mr. L. Green, at present Freight Traffic Manager of the Southern Railway Co.; Mr. HaidenMiller, at present Freight Traffic Manager of the Mobile & Ohio Railroad Co.; Mr. F. B. Bowes, Freight Traffic Manager Illinois Central Railroad Co.; and Mr. T. F. Steele, General Freight Agent of the New Orleans & Northeastern and Alabama & Vicksburg railroads.

In summing up his testimony on the question of reasonableness of the rates in controversy, Mr. Compton said:

"I think if you measure the rate of to-day by a comparison with other rates, the rates in themselves and as compared with the rates from other producing territory of yellow pine are reasonable. I do not see how I could reach any other conclusion but that these are reasonable rates. They have permitted the free movement of the business in competition with business of a similar character."

Compton, Trans., Vol. II, p. 293.

Mr. Green testified:

"I think the existing rates are just and reasonable, because, among other reasons, they permit a free movement of the traffic at a profit to the manufacturer; because they do not yield the carrier an excessive profit; because they are as low as the published rates from other yellow pine producing sections with which this section (i. e., Mississippi territory) must compete; and because they compare favorably with the rates on all kinds of lumber for corresponding distances between other parts of the country where the conditions surrounding transportation are similar. It seems to me those are reasons sufficient to sustain the reasonableness of this particular rate."

Green, Trans., Vol. II, pp. 229, 230.

Mr. Bowes for like reasons testified that in his opinion "the present adjustment is a reasonable one."

Bowes, Trans., Vol. II, pp. 475, 476.

To the same effect was the testimony of Mr. Haiden Miller.

Miller, Trans., Vol. II, pp. 387, 388.

We insist that it was error of law for the Commission, and the Court, to refuse to give to expert testimony the legal value to which it is entitled.

XVII.

The Increase of Two Cents per Hundred Pounds Made Effective April 15, 1903, was Justified by the Change in Competitive Conditions.

The majority of the Commission was of opinion that the maintenance of materially lower rates on lumber for several years previous to the increase of 2 cents on April 15, 1903, brought the case within the rule announced in Holmes v. Southern Ry. Co., 8 I. C. Rep., 561, viz.:

"The continuance of a given rate is not conclusive evidence of the reasonableness of that rate; but when a railway company advances a rate which has been for some time in force, the fact of its continuance is in the nature of an admission against that company which tends to show the unreasonableness of the advance."

Holmes v. Southern Ry. Co., 8 I. C. Rep., 561.
Trans., Vol. II, p. 994.

It will be seen that the Commission concedes that the continuance of a given rate "is not conclusive evidence" of the reasonableness of that rate; and that the increase of such a rate merely tends to show the unreasonableness of the increase. The bare presumption of the reasonableness of a rate which is said to arise merely from the fact of its voluntary continuance by a carrier has been entirely re-

moved by the testimony in this case, which shows that the previous rates were not rates made voluntarily by the appellants, but were forced upon them by competition with the lines from Arkansas and by the depressed condition of the lumber market which prevailed for many years.

It is conceded by the Commission that prior to May 1, 1894, the rate to Cairo from the Mississippi territory was 2 cents per one hundred pounds higher than the rate from Arkansas to Cairo.

Trans., Vol. II, pp. 966, 967.

It is conceded by the Commission that on May 1, 1894, appellants reduced their rates from said Mississippi territory 2 cents per hundred pounds so as to make them the same as the rate from Arkansas, and thereby meet said Arkansas competition.

Trans., Vol. II, pp. 966, 967.

The testimony in the case shows that the lines leading from the Mississippi territory have since May 1, 1894, continued to meet the Arkansas competition by maintaining from Mississippi territory to Cairo the same rate as prevailed from Arkansas territory to Cairo.

On April 15, 1903, said competing lines leading from Arkansas to Cairo increased their rates 2 cents per hundred pounds (Trans., Vol. II, p. 964); and it was this fact which enabled appellants to make said increase of 2 cents per hundred pounds from Mississippi territory to Cairo which is complained of in this case.

In other words, if it had not been for the Arkansas com-

petition, the appellants would not have been forced to reduce their rates 2 cents per hundred pounds on May 1, 1894; and if the competing lines from Arkansas had not increased their rates 2 cents per hundred pounds on April 15, 1903, it would not have been possible for appellants on April 15, 1903, to have made the increase of 2 cents per hundred pounds in their rates from Mississippi territory to Cairo, which is complained of in this case.

The rates charged by appellants, prior to said increase of 2 cents per hundred pounds, were accepted by them, not as being reasonably high, but as being the highest they could secure under the stress of Arkansas competition; and we insist that it was error of law for the Commission, and the Court, to refuse to distinguish between a case where rates are accepted by a carrier voluntarily, and this case, where the rates maintained by appellants prior to April 15, 1903, were forced upon them by competition.

XVIII.

The Increase of 2 Cents Per Hundred Pounds Made Effective April 15, 1903, was Justified by the Change in the Condition of the Lumber Market.

Appellants insist that said increase of 2 cents per hundred pounds is satisfactorily explained, and fully justified by the fact that the rates previously charged by them were, for a number of years, materially affected by a serious depression, which, during that period, existed in the lumber market, and which compelled appellants to reduce their rates during that period, in order to enable the lumber from Mississippi territory to continue in the market north of the Ohio River, at the depressed prices.

The majority report and opinion (Trans., Vol. II, p. 970), said:

"During the period from January, 1892, to September, 1903, there were many variations in the Chicago prices. They appear to have been lowest from 1895 to 1899, both inclusive."

On the hearing before the Commission, Mr. C. B. Compton prepared as exhibit "B" to his testimony a statement showing the prices of yellow pine lumber in the Chicago market, and also showing the freight rates from L. & N. R. R., Group 2 (M. & M. Division).

Trans., Vol. II, pp. 863, 864, 865.

It shows the rates, as they existed from time to time, and the prices of lumber as they existed during the same time; and it shows that the rates from L. & N. R. R. Group 2 to Chicago were kept in line, substantially, with the market prices of lumber at Chicago.

Said Exhibit shows the prices of lumber by three grades, viz., "A," "B," and "C." Grade "A" includes 1st and 2d flooring; grade "B," common flooring; and grade "C," three-inch dimension and timber under 12 x 12 x 30.

While the prices of said three grades of lumber have not been averaged in the exhibit filed by Mr. Compton, the average prices have, for the purposes of the comparison about to be instituted, been calculated, and said averages will be referred to as the "average price of lumber" on the Chicago market.

Said exhibit shows that the average price of lumber in

Chicago during the first quarter of 1892 was from $19.00 to $20.50 per thousand feet; while the rate on flat cars from L. & N. R. R. Group 2 to Chicago was 28 cents per hundred pounds.

It shows that the average price of lumber in Chicago fell from $19.00-$20.50 per thousand feet in the first quarter of 1892 to $17.00-18.50 in the third quarter of 1893; and that the rate on flat cars on July 16, 1893, was reduced from 28 cents to 27 cents per hundred pounds.

It shows that the rate on lumber in flat cars continued at 27 cents from July 16, 1893, until May 10, 1894; and that the average price of lumber in Chicago had fallen from $17.00-$18.50 in the third quarter of 1893 to $14.50-$16.00 on May 10, 1894, when the rate on lumber in flat cars was reduced from 27 to 25 cents per hundred pounds.

It shows that the rate on lumber in flat cars continued at 25 cents from May 10, 1894, to May 20, 1897; that the average price of lumber in Chicago had fallen from $14.50-$16.00 to $13.00 in the second quarter of 1897, when the rate on lumber in flat cars was reduced from 25 cents to 22 cents per hundred pounds.

It shows that the rate on lumber in flat cars continued at 22 cents from May 20, 1897, to September 8, 1899; that the average price of lumber in Chicago had advanced from $13.00 in the second quarter of 1897 to $19.00-$20.00 in the fourth quarter of 1899, when the rate on lumber in flat cars was increased from 22 to 23 cents per hundred pounds.

It shows that the rate on lumber in flat cars continued

at 23 cents from September 8, 1899, to January 1, 1900; that the average price of lumber in Chicago increased from $19.00-$20.00 in the fourth quarter of 1899 to $19.50-$20.75 in the first quarter of 1900, when the rate on lumber in flat cars was increased from 23 to 24 cents per hundred pounds.

It shows that the rate of 24 cents continued in effect from January 1, 1900, up to the date of the increase of 2 cents per hundred pounds, which is the subject of complaint in this case.

Said last named increase was in contemplation during January, 1903.

Letter from T. C. Powell to T. J. Hudson, Trans., Vol. II, pp. 688, 689.

It will be seen that during the period from July 16, 1893, to June 22, 1903, both inclusive (a period of over nine years and ten months) said reductions and increases were as follows:

REDUCTIONS.

July 16, 1893	1 cent
May 10, 1894	2 cents
May 20, 1897	3 cents
Total	6 cents

INCREASES.

September 8, 1899	1 cent
January 1, 1900 (made by roads north of Ohio River)	1 cent.
June 22, 1903	2 cents
Total	4 cents

It will also be seen that the total increases during said period (including the increase of 2 cents complained of in this case) are less by 2 cents than the total reductions during the same period.

Said Exhibit "B" of Compton shows that during the period immediately preceding the suggested increase of 2 cents the prices of lumber had undergone a material increase over previous prices.

During the year 1902 the average price of lumber in Chicago, based upon Compton's Exhibit "B," was $20.00-$21.50, which average price exceeded the average price for any of the previous ten years.

Owing to the decreased demand for cars by railroad companies, during 1903, and owing to the business uncertainty incident to the Presidential election of 1904, the prices of lumber during said years declined.

Green, Trans., Vol. II, p. 119.
Bowes, Trans., Vol. II, p. 34.
Compton, Trans. Vol. II, p. 41.

It is shown, however, by Exhibit No. 4 to the deposition of C. B. Compton, filed in this cause, that the average price of grades "A," "B" and "C" in the Chicago market during the year 1905 was $22.25-$25.00; and it is also shown that during the third and fourth quarters of 1905 the average price of said grades in Chicago was $24.00-$28.00, which is about double the average price that prevailed in Chicago at the time of the establishment of the rate of 22 cents to Chicago in 1897, which rate is the lowest rate that has ever been in effect from L. & N. R. R. Group 2 stations to Chicago.

It is shown by Exhibit "D" to Mr. Bowes' testimony that the changes in rate adjustment from Mississippi territory to Chicago have corresponded substantially with those from L. & N. R. R. Group 2.

Bowes, Exhibit "D," Trans., Vol. II, p. 852.

Speaking generally, it is shown by the exhibits filed by Messrs. Compton and Bowes that, while the rates did not follow every fluctuation in prices, they did decrease with the general decrease in the price of lumber, and in that way assisted the sawmill men in Mississippi territory in meeting the depression in the lumber market.

In other words, the rates charged by appellants prior to said increase of 2 cents per hundred pounds were accepted by them, not as being reasonably high, but as being the highest they could secure under the depressed condition of the lumber market.

As hereinbefore shown, the prices of 1902 indicated that the depression had been relieved; and, as appellants had reduced their rates to meet said depression, it was entirely just and reasonable that they should be allowed to increase their rates as said depression became less and less.

In Re Proposed Advances in Freight Rates, 9 I. C. Rep., p. 386, Commissioner Prouty, who concurred in the majority opinion in this case, speaking of advances in iron rates, said:

"Where reductions have been made by reason of commercial depression, it is difficult to see why corresponding advances may not with propriety occur when that depres-

sion is relieved." . . . "If the railways reduced their rates during these periods at the solicitation of manufacturers, it seems no more than just that they should be permitted to raise them now, when the condition of that industry permits it."

And on page 439 of said opinion he said:

"Our conclusion as to the rates involved in this investigation is that, since the reduction in the iron schedule was the result of commercial conditions, that rate may have been properly increased, owing to the subsequent change in these conditions."

9 I. C. Rep., pp. 386, 439.

We insist that it was error of law for the Commission, and the Court, to refuse to apply, in this case, the rule of law which Commissioner Prouty recognized as just in the case last cited.

XIX.

The Increase of 2 Cents Per Hundred Pounds Made Effective April 15, 1903, or June 23, 1903, Was Justified, Because the Present Rates (Including Said Increase) Are Less Than Rates That Were in Force Prior to the Depression in the Lumber Market.

Appellants insist that even including said increase of 2 cents per hundred pounds made effective April 15, 1903, the present rates are less than rates that were in force prior to the period of depression in the lumber market.

To illustrate: Prior to said depression, the rates on

lumber in flat cars from stations on the Mobile & Montgomery and Pensacola Divisions of the L. & N. R. R. to Chicago were as follows, in cents per one hundred pounds:

From April 21, 1887, to May 28, 1887....40 cents
From May 28, 1887, to August 5, 1889....34 cents
From August 5, 1889, to July 16, 1893....28 cents
From July 16, 1893, to May 10, 1894....27 cents

The rate on flat cars from said stations to Chicago now in effect, including said increase of 2 cents per hundred pounds, made effective (by the L. & N. R. R.) June 22, 1903, is only 26 cents per hundred pounds.

Compton, Ex. V., Trans., Vol. II, pp. 892, 893.

In other words, the present rate on flat cars, including said increase of 2 cents per hundred pounds complained of, is not in reality an "advance" at all. It is from 2 to 14 cents less than any rate that was ever in force from May 10, 1894, back to April 11, 1887, which is as far back as the rates on file with the Interstate Commerce Commission will show. It therefore is not even a restoration of the rates that were in force from said stations to Chicago prior to May 10, 1894.

The testimony further shows that from stations on the Pensacola & Atlantic Division of the L. & N. R. R., to Chicago, the rates on flat cars were as follows in cents per one hundred pounds:

From January 1, 1887, to April 21, 1887..41 cents
From April 21, 1887, to May 28, 1887....40 cents
From May 28, 1887, to August 5, 1889....34 cents

From August 5, 1889, to July 16, 1893....31 cents
From July 16, 1893, to July 27, 1893....30 cents
From July 27, 1893, to May 10, 1894....29 cents
From May 10, 1894, to May 20, 1897....27 cents

The rate on flat cars from said stations to Chicago now in effect, including said increase of 2 cents per hundred pounds made effective June 22, 1903, is only 26 cents per hundred pounds.

Compton, Ex. V., Trans., Vol. II, pp. 892, 893.

In other words, the present rate on flat cars, including said increase of 2 cents per hundred pounds complained of, is not in reality an "advance" at all. It is from 1 to 15 cents less than any rate that was ever in force from said stations, from May 20, 1897, back to January 1, 1887, which is as far back as the rates now on file with the Interstate Commerce Commission will show. It therefore is not even a restoration of the rates that were in force from said stations to Chicago prior to May 20, 1897.

The testimony further shows that from stations on the Pensacola & Atlantic Division of the L. & N. R. R., to Indianapolis, the rates on flat cars were as follows, in cents per one hundred pounds:

From May 2, 1887, to May 28, 1887.....38 cents
From May 28, 1887, to August 5, 1889....32 cents
From August 5, 1889, to July 16, 1893....30 cents
From July 16, 1893, to July 27, 1893....31 cents
From July 27, 1893, to May 10, 1894....30 cents
From May 10, 1894, to May 20, 1897....27 cents

The rate on flat cars from said stations to Indianapolis now in effect is only 25 cents per one hundred pounds.

Compton, Ex. V., Trans., Vol. II, pp. 892, 893.

In other words, the present rate on flat cars, including said increase of 2 cents per hundred pounds complained of, is not in reality an "advance" at all. It is from 2 to 13 cents less than any rate that was ever in force from said stations to Indianapolis from May 20, 1897, back to May 2, 1887, which is as far back as the rates now on file with the Interstate Commerce Commission will show. It therefore is not even a restoration of the rates that were in force from said stations to Indianapolis prior to May 20, 1897.

Mr. Bowes filed as Exhibit "D" to his testimony a statement showing a history of the rates on yellow pine lumber from the Illinois Central Railroad pine district in Southern Mississippi to various points on and north of the Ohio River.

Said Exhibit shows that the rates on flat cars from the Mississippi district to Cairo were as follows:

From April 20, 1889, to August 1, 1889.....22 cents
From August 1, 1889, to September 11, 1892..17 cents

The rate on flat cars from said Mississippi district to Cairo now in effect, including said increase of 2 cents per hundred pounds made effective by the I. C. R. R. on April 15, 1903, and which is the increase complained of, is only 16 cents per hundred pounds.

Bowes, Ex. D., Trans., Vol. II, p. 852.

Said Exhibit D further shows that the rates on flat cars from the Mississippi district to East St. Louis, Ill., were as follows:

From November 1, 1887, to August 1, 1889...26 cents
From August 1, 1889, to May 1, 1894.....20 cents

The rate on flat cars from said Mississippi district to East St. Louis, now in effect, including said increase of 2 cents per hundred pounds made effective by the I. C. R. R. on April 15, 1903, and which is the increase complained of, is only 20 cents per hundred pounds.

Bowes, Ex. D., Trans., Vol. II, p. 852.

Said exhibit further shows that the rate on flat cars from the Mississippi district to Chicago was as follows:

From April 20, 1889, to August 1, 1889..30 cents

The rate on flat cars from said Mississippi district to Chicago, now in effect, including said increase of 2 cents per hundred pounds made effective by the I. C. R. R. on April 15, 1903, and which is the increase complained of, is only 26 cents per hundred pounds.

Bowes, Ex. D., Trans., Vol. II, p. 852.

Said exhibit further shows that the rates on flat cars from the Mississippi district to Cincinnati were as follows:

From January 14, 1888, to October 4, 1891..27 cents

From October 4, 1891, to July 16, 1893.....26 cents

The rate on flat cars from said Mississippi district to Cincinnati, now in effect, including said increase of 2 cents per hundred pounds made effective by the I. C. R. R. on April 15, 1903, and which is the increase complained of, is only 23 cents per hundred pounds.

Bowes, Ex. D., Trans., Vol. II, p. 852.

Said exhibit further shows that the rates on flat cars

from the Mississippi district to Louisville were as follows:

From December 3, 1887, to March 9, 1892....25 cents
From March 9, 1892, to July 16, 1893.....23 cents

The rate on flat cars from said Mississippi district to Louisville, now in effect, including said increase of 2 cents per hundred pounds made effective by the I. C. R. R. on April 15, 1903, and which is the increase complained of, is only 21 cents per hundred pounds.

Bowes, Ex. D., Trans., Vol. II, p. 852.

Said exhibit further shows that the rates on flat cars from the Mississippi district to Evansville were as follows:

From March 17, 1888, to March 9, 1892..26 cents
From March 9, 1892, to July 16, 1893....23 cents

The rate on flat cars from said Mississippi district to Evansville, now in effect, including said increase of 2 cents per hundred pounds made effective by the I. C. R. R. on April 15, 1903, and which is the increase complained of, is only 22 cents per hundred pounds.

Bowes, Ex. D., Trans., Vol. II, p. 852.

In other words, the present rates on lumber in flat cars from the Mississippi district to Cairo, East St. Louis, Chicago, Cincinnati, Louisville and Evansville are not in reality "advances" at all. They are from 1 to 6 cents less than any of the rates above set forth as in effect between November 1, 1887, and May 1, 1894, with the exception that the present rate to East St. Louis is the same as the rate which was in effect between August 1, 1889, and May 1, 1894.

Mr. Compton filed as Exhibit "U" to his testimony a

statement showing the rates on lumber at present effective from Southern territory to Ohio River crossings, and also rates which have been effective from time to time to Ohio River crossings, and comparison of present rates with old rates. Said statement shows the average of the present rates to be less than a restoration of former rates.

Compton, Trans., Vol. II, pp. 287, 890, 891.

Mr. Compton testifies that the low rate prevailing from 1894 to 1899 from Southern territory to Cairo was a "distress rate," made to meet abnormal conditions, and that during said period the financial and commercial condition of the country was bad.

Compton, Trans., Vol. II, p. 288.

In Re Proposed Advances in Freight Rates, 9 I. C. Rep., p. 386, the Commission said:

"It is a matter of general information that between 1895 and 1900 the iron industry was much depressed, and the carriers now tell us that something of the same nature occurred in the winter of 1902. If the railways reduced their rates during these periods at the solicitation of manufacturers, it seems no more than just that they should be permitted to raise them now, when the condition of that industry permits it."

Re Proposed Advances in Freight Rates, 9 I C. Rep., p. 386.

In other words, although the period of depression was substantially the same with respect to the iron business as the period of depression with respect to the lumber business; and although the advance in the iron rates was in the

nature of a restoration of former rates, as was true of the advance in lumber rates; and although the only difference between the two cases was that one related to iron and the other to lumber, the Commission in the present case in effect held that, by reason of the "long continuance" of the former rates of 13 and 14 cents to Cairo, the present increased rate of 16 cents is unreasonable; while in the case involving rates upon iron, the "long continuance" of the lower rates upon iron from 1895 to 1900 did not operate to prevent the restoration of the former figures.

In the latter case, the Commission said:

"Where reductions have been made by reason of commercial depression, it is difficult to see why corresponding advances may not with propriety occur when that depression is relieved."

9 I. C. Rep., p. 386.

Inasmuch as the finding of the Commission that the present rate of 16 cents to Cairo is unreasonable is predicated entirely upon the theory that the "long continuance" of a lesser rate renders any higher rate unreasonable, and inasmuch as there is nothing in the testimony that goes to show the unreasonableness of the higher rate upon other grounds, the appellants insist that the principle of law laid down by the Commission in the case involving iron rates should govern in this case. The Commission made no attempt to differentiate the lumber rate case from the iron rate case.

We insist that it was error of law for the Commission, and the Court, to refuse to apply in this case the rule of law which the Commission recognized as just and proper in the case last cited.

XX.

The Increase of 2 Cents Per Hundred Pounds Made Effective April 15, 1903, Was Justified; Because the Percentage of Increase Has Been Greater in the Operating Expenses of the Intermediate Roads Which Receive Said Increase Than in the Rates on Lumber.

The Commission, in speaking of through rates from Mississippi territory to points north of the Ohio River, said:

"As before stated, the roads north of the Ohio charge their full local rates from the Ohio River to the lumber markets in Central Freight Association Territory, as their proportions of the through rates."

Trans., Vol. II, p. 964.

The Commission found that the principal "originating roads"—i. e., roads on which the lumber traffic originates—are the Gulf & Ship Island Railroad, extending from Gulfport to Jackson, and the New Orleans & Northeastern Railroad, extending from New Orleans to Meridian.

Trans., Vol. II, p. 964.

The "intermediate roads," which connect at Jackson and Meridian with the Gulf & Ship Island Railroad, and with the New Orleans & Northeastern Railroad, and which continue the transportation northward from Jackson and Meridian to the Ohio River, are the Illinois Central Railroad, the Mobile & Ohio Railroad, and the Alabama Great Southern Railroad.

Trans., Vol. II, p. 964.

In its report and opinion, the Commission finds that the increase of 2 cents complained of goes entirely to the roads leading from Jackson and Meridian to the Ohio River, and none of it to the originating roads.

Trans., Vol. II, p. 995.

The increase of 2 cents complained of in this case was, as stated in said report and opinion (Trans., Vol. II, p. 964), made effective on April 15, 1903, by all the roads except the L. & N. R. R.; and from that date back to September 8, 1899, said "intermediate roads" charged rates which were only 2 cents per hundred pounds less than those made effective on April 15, 1903. No complaint has ever been made of the rates charged by said "intermediate roads" between September 8, 1899, and April 15, 1903.

Appellants aver that said rates which were charged by said "intermediate roads" between September 8, 1899, and April 15, 1903, were low; that the operating expenses of said "intermediate roads" properly attributable to freight traffic, increased between September 8, 1899, and April 15, 1903, by a greater per cent than the rates on lumber increased between the same dates; and they insist that under those circumstances the said increase or so-called advance of 2 cents per hundred pounds made on April 15, 1903, was fully justified.

Smith & Forrest v. L. & N. W. Ry. Co. et al., XI Ry. & Canal Traf. Cas., p. 156.

We submit herewith the following table, compiled from the Statistics of Railways in the United States, published by the Interstate Commerce Commission, for the fiscal year ending June 30, 1900 (which includes September 8, 1899); and for the fiscal year ending June 30, 1903 (which includes April 15, 1903).

Said table is as follows:

Name of Railroad		Gross earnings from operation		Total operating expenses	Percentage of total operating expenses to gross earnings from operation		Total freight earnings [including stockyards, elevators and miscellaneous]	otal operating expenses properly attributable to total freight earnings [including stockyards, elevators and miscellaneous]		Total mileage operated	Total operating expenses per mile of road operated properly chargeable to total freight	Perc'n't'ge of incr'se in 1903 over 1900 in total operat'g expenses per mile of road operat'd, properly chargeable to total freight
1900												
Illinois Central R. R. Co...	(387)	$32,611,967	(457)	$21,377,615	65.55	(387)	$22,335,234	$14,640,745	(250)	3,996	$ 3,664	
Southern Railway Co.....	(387)	31,166,282	(457)	20,749,068	66.58	(387)	21,006,730	13,986 280	(250)	6,431	2,175	
Mobile & Ohio R. R. Co...	(387)	5,503.517	(457)	4,185.757	76.06	(387)	4,544,436	3,456,498	(250)	876	3,946	
Ala. Great Southern R. R.	(363)	2,030,481	(445)	1,313,530	64.70	(363)	1,400,033	905,821	(204)	310	2,922	
C. N. O. & T. P. Ry. Co ...	(361)	5,114,624	(443)	3,482.397	68.09	(361)	3,947,140	2,687,607	(196)	338	7,952	
L. & N. R. R. Co.	(387)	28,451,746	(457)	19,065,722	67.01	(387)	21,286,647	14,264,182	(250)	3.234	4,410	
1903												
Illinois Central R. R. Co..	(405)	45,186 077	(473)	29,835,883	66 03	(405)	30,716,922	20,282,383	(272)	4,301	4,716	28.7
Southern Railway Co	(405)	42,338,248	(473)	29.786.06'	70.35	(405)	28,081,034	19,755,007	(272)	7,137	2.768	27.2
Mobile & Ohio R. R. Co ...	(405)	6,836,629	(473)	5,077,311	74 27	(405)	5,702,967	4,235,593	(272)	874	4,846	22.8
Ala. Great Southern R. R.	(381)	2,670,646	(462)	1,900,748	71.17	(381)	1,747.925	1,243,998	(222)	309	4,026	37.7
C. N. O. & T. P. Ry. Co ...	(379)	6,153,580	(461)	4,431.571	72 02	(379)	4,681,877	3,371,887	(216)	338	9.976	25 4
L. & N. R. R. Co.....	(405)	35,568,483	(473)	24,051,928	67.62	(405)	26,656,249	18,024,955	(272)	3,491	5,163	17.

Figures prefixed in parentheses refer to pages of Statistics of Railways in the United States for the years named.

It will be seen that the total operating expenses, per mile of road operated, properly attributable to total freight earnings (including stock yards, elevators and miscellaneous) increased between September 8, 1899, and April 15, 1903, as follows:

On the Illinois Central R. R.....28.7 per cent
On the Southern Railway.....27.2 per cent
On the Mobile & Ohio Railroad.....22.8 per cent
On the Alabama Great Southern R. R..37.7 per cent
On the C., N. O. & T. P. Ry.....25.4 per cent
On the L. & N. R. R.....17 per cent

Between September 8, 1899, and April 15, 1903, the rates on lumber from Southern Mississippi to Cairo, Ill., increased from 14 cents to 16 cents per hundred pounds, which is an increase of only 14.3 per cent.

Cairo is selected as an Ohio River point for the reason that practically all the rates to points north of the Ohio River base on Cairo; and for the further reason that, Cairo taking the lowest rate of all the Ohio River points, the increase of 2 cents per hundred pounds constitutes a greater percentage of the former rate to Cairo than it constitutes of the former rate to any other Ohio River point.

We insist that it was error of law for the Commission, and the Court, to refuse to give the legal weight to which it is entitled, to the fact that the percentage of increase has been greater in the operating expenses of the "intermediate roads" than in the rates on lumber.

XXI.

THE INCREASE IN APPELLANTS' OPERATING EXPENSES IS NOT DUE ALONE TO INCREASED MILEAGE.

The majority report and opinion (Trans., Vol. II, p. 975) said:

"The operating expenses of the carriers have constantly grown larger, but the total annual increases in operating expenses are due, mainly, to the constant growth or enlargement of the business of the roads. This growth in business has resulted from the larger mileage operated, the development and increased prosperity of the country traversed by the roads and from advancement in methods of operation and additions to and improvements in equipment of all kinds. The business of the roads, or the tonnage of traffic transported by them, not only in the item of lumber, as heretofore shown, but also in traffic generally, has grown to a most material extent."

Trans., Vol. II, p. 975.

Said report and opinion commits an error of fact when it states, in effect, that the increase in operating expenses is due to any material extent to the larger mileage operated. The "Statistics of Railways in the United States," for the years 1901, 1902 and 1903, respectively, published by the Interstate Commerce Commission, show the operating expenses and the mileage of each of appellants for each of said years, and a computation therefrom demonstrates that the percentage of increase of appellants' operating expenses was very much greater than the percentage of increase in appellants' mileage during that period.

It will be seen from said computation that the increase in operating expenses in 1902 over 1901 was 10.47 per cent; while the increase in mileage was only 1.05 per cent.

It will also be seen that the increase in operating expenses in 1903 over 1902 was 14.66 per cent; while the increase in mileage was only 2.62 per cent.

Said computation is as follows:

Name of Railroad	Operating Expenses			Mileage Operated		
	1901	1902	1903	1901	1902	1903
Illinois Central Railroad	(1) $ 24,251,678	(10) $26,248,123	(19) $29,835,883	(1) 4,265	(10) 4,283	(19) 4,301
Gulf & Ship Island Railroad	(2) 701,560	(11) 921,829	(20) 1,051,687	(2) 253	(11) 251	(20) 251
Southern Railway Company	(3) 23,275,304	(12) 25,025,444	(21) 29,786,069	(3) 6,728	(12) 6,765	(21) 7,136
Mobile & Ohio Railroad	(4) 4,186,505	(13) 4,348,241	(22) 5,077,311	(4) 874	(13) 874	(22) 874
N. O. & N. E. R. R.	(5) 1,396,373	(14) 1,431,375	(23) 1,592,005	(5) 195	(14) 195	(23) 195
Alabama Great Southern Railroad	(6) 1,396,840	(15) 1,602,884	(24) 1,900,748	(6) 309	(15) 309	(24) 309
C. N. O. & T. P. Ry. Co	(7) 3,533,784	(16) 4,012,854	(25) 4,431,571	(7) 338	(16) 338	(25) 338
Alabama & Vicksburg Railway	(8) 657,238	(17) 735,525	(26) 818,966	(8) 143	(17) 143	(26) 143
Louisville & Nashville Railroad	(9) 18,396,919	(18) 21,018,588	(27) 24,051,928	(9) 3,325	(18) 3,444	(27) 3,491
Total	$77,796,201	$85,944,843	$98,546,168	16,450	16,602	17,038

Increase in operating expenses 1902 over 1901 ..... $ 8,148,642 = 10.47 per cent
Increase in operating expenses 1903 over 1902 ..... 12,601,325 = 14.66 per cent
Increase in mileage 1902 over 1901 ..... 172 miles = 1.05 per cent
Increase in mileage 1903 over 1902 ..... 436 miles = 2.62 per cent

Statistics Rys. 1901	Statistice Rys. 1902	Statistics Rys. 1903	Statistics Rys. 1901	Statistics Rys. 1902	Statistics Rys. 1903
(1) p. 461	(10) p. 467	(19) p. 473	(1) p. 264	(10) p. 268	(19) p. 272
(2) p. 447	(11) p. 455	(20) p. 461	(2) p. 212	(11) p. 210	(20) p. 218
(3) p. 461	(12) p. 467	(21) p. 473	(3) p. 264	(12) p. 268	(21) p. 272
(4) p. 461	(13) p. 467	(22) p. 473	(4) p. 264	(13) p. 268	(22) p. 272
(5) p. 448	(14) p. 456	(23) p. 462	(5) p. 216	(14) p. 214	(23) p. 220
(6) p. 448	(15) p. 456	(24) p. 462	(6) p. 218	(15) p. 216	(24) p. 222
(7) p. 447	(16) p. 455	(25) p. 461	(7) p. 210	(16) p. 208	(25) p. 216
(8) p. 447	(17) p. 455	(26) p. 461	(8) p. 208	(17) p. 206	(26) p. 212
(9) p. 461	(18) p. 467	(27) p. 473	(9) p. 264	(18) p. 268	(27) p. 272

Figures prefixed in parentheses refer to citations at foot of statement.

XXII.

Permanent Improvements and Equipment Are Properly Chargeable to Operating Expenses.

The majority report and opinion in this case said:

"It is to be noted, that these operating expenses embrace large annual expenditures for real estate, right of way, tunnels, bridges and other strictly permanent improvements, and also for equipment such as locomotives and cars. While payments for repairs, whether applied to permanent improvements or equipment, are properly chargeable to current annual operating expenses, this would not appear to be the case as to the improvements or equipment themselves—the former being permanent and the latter lasting for many years."

Trans., Vol. II, pp. 995, 996.

In the case of H. H. Tift et al. v. Southern Ry. Co. et al., 10 I. C. Rep., 584, the Commission said:

"There was a long period of business depression in the South, during which the roads not only could not make improvements in their equipment, roadbed and other property, but were also unable to maintain their equipment and various properties in proper or first-class condition. When that period passed away, unusual expenditures were required for new engines, new car equipment, the replacing of worn-out rails, and in other ways necessary to put the roads in proper condition and enable them to handle their largely increased business. As these expenditures were included in the operating expenses reported by the roads, the latter became

exceptionally large, reaching a percentage of gross earnings which it is not probable will be maintained in the future."

We insist that it was error of law for the Commission and the Court to hold that the cost of permanent improvements and equipment is improperly charged to operating expenses. The question was before this Court in 99 U. S., 420, 421, U. P. R. R. Co. v. U. S. In that case this Court said:

"Some charge to construction account every item of expense, and every part and portion of every item which goes to make the road or any of its appurtenances or equipment better than they were before, whilst others charge to ordinary expense account and against earnings whatever is taken for these purposes from the earnings and is not raised upon bonds or issues of stock. The latter method is deemed the most conservative and beneficial for the company, and operates as a restraint against injudicious dividends and the accumulation of a heavy indebtedness."

Where, as in this case, the cost of permanent improvements and equipment is charged to operating expenses, it is necessarily deducted from the gross earnings, before the net earnings can be ascertained; and, therefore, the cost of appellants' permanent improvements and equipment "is not raised upon bonds or issues of stock."

In other words, in charging the cost of permanent improvements and equipment to operating expenses, the very method has been adopted by the appellants which this Court says is deemed the most conservative and beneficial to the company and operates as a restraint against injudicious dividends and the accumulation of a heavy indebtedness.

It is true that there was a long period of business depression in the South, during which the appellants not only could not make improvements in their equipment, roadbed and other property, but were also unable to maintain their equipment and various properties in proper condition. It is also true that when that period of business depression passed away, appellants were compelled to expend unusual amounts for new engines, and cars, and for replacing worn-out rails necessary to put the roads in proper condition, so as to enable them to handle their largely increased business. But if, during said period of business depression, appellants were not financially able to expend amounts sufficient to maintain their roads in proper condition, it was their duty, when said period of depression passed away, to spend such amounts in the improvement of their roads and equipment as they should have spent during the period of depression, if they had the necessary funds at their command.

In considering the justness and reasonableness of the increase of 2 cents per hundred pounds in the lumber rates, the Commission and the Court should give precisely the same consideration to the fact that large sums of money have been expended by appellants in putting their roads in proper condition since said period of depression, as they would have given if said expenditures had been made during said period. The important fact is that during said period of depression and since, appellants have been compelled to expend, in the aggregate, a very large amount of money to get their roads into proper condition; and the fact that those large sums of money had to be expended, justified the appellants in endeavoring to raise some portion of it by increasing the rates on lumber and such other commodities as it was believed would bear the increases that have been

made, without entailing any material injury upon the shippers of said commodities.

In the majority report and opinion in this case, the Commission said:

"The expenditures for permanent improvements and for equipment made in a single year may obviate the necessity for like expenditures, or expenditures to the same extent, for many years to come; and the extraordinary amount of such expenditures made by the defendants in a few years preceding and including the year of the advance in rate indicates that they will not be required again for a long period of time. They should not, therefore, be taxed as part of the current or operating expenses of a single year, but should be, so far as practicable and so far as rates exacted from the public are concerned, 'projected proportionately over the future.'"

Trans., Vol. II, p. 996.

If it was right to charge the cost of permanent improvements and equipment to "operating expenses," as said by this Court in 99 U. S., 420, 421, referred to above, appellants could not have "projected said expenditures proportionately over the future," unless they had made false entries in their books, by failing to charge in each year all the operating expenses of that year, and by charging hereafter, in future years, expenditures which will not be actually made in those years. If it be said, however, that said expenditures could be "projected proportionately over the future," by issuing bonds and stocks to represent them, appellants would do exactly what this Court in the case cited said that a railroad company ought not to do.

XXIII.

Lumber Was Not Selected by Appellants to Meet the Entire Increase in Their Operating Expenses.

In the case of H. H. Tift et al. v. Southern Railway Co. et al., 10 I. C. Rep., 585, 586, the Commission said:

"The principal ground urged (for making said advance of 2 cents per hundred pounds) is that additional revenue was needed to meet increased expenses, and that, in the language of one of the principal witnesses of defendant, they 'looked around to see where they could best get that additional revenue, and one of the commodities which they thought would bear the advance was lumber."

The object of the Commission in the Tift case seems to have been to create the impression that lumber was selected by the appellants in that case to bear the entire, or almost the entire, increase in operating expenses.

In the report and opinion of the majority of the Commission in the present case (Trans., Vol. II, pp. 969, 970), the Commission enters into certain calculations to show that on lumber from Mississippi and East Louisiana alone the increase of 2 cents per hundred pounds amounts to $1,026,600 per annum.

An inspection of the statistics of actual movement filed by the Illinois Central Railroad, the Mobile & Ohio Railroad and the Southern Railway discloses that those companies have not, upon the traffic which is involved in the com-

plaint, succeeded in augmenting their revenues by any such amount as $1,026,600, or anything approaching it. The purpose of the calculations made by the Commission in this case was doubtless to leave the impression that the burden of the increased cost of operation of railways had been placed almost, if not entirely, upon the lumber traffic.

It is shown by the Preliminary Report on Income Account of Railways in the United States for the years 1902 and 1903, that the operating expenses of the Illinois Central Railroad Company in 1902 were $26,248,123; and that in 1903 the operating expenses of said company were $29,835,883, an increase of $3,587,760.

It is shown by Mr. Bowes' Exhibit "C" (Trans., Vol. II, pp. 850, 851) that the total number of cars of pine lumber shipped via the I. C. R. R. through Cairo and Mounds, Ill., for the year 1903 was 19,846. In its majority report and opinion (Trans., Vol. II, p. 969), the Commission finds that the increase amounts to $8.70 per car; and upon said 19,846 cars the increase of revenue to the I. C. R. R. would have been only $172,660, as against an actual increase in operating expenses of $3,587,760.

It is shown by Mr. Green's Exhibit No. 3 (Trans., Vol. I, p. 327) that the total number of cars of pine lumber shipped via the Southern Railway to points on and north of the Ohio River from Alabama, Mississippi and Eastern Louisiana during the year 1903 was 4,632. In its majority report and opinion (Trans., Vol. II, p. 969), the Commission finds that the increase amounts to $8.70 per car; and upon said 4,632 cars the increase of revenue to the Southern Railway Company would have been only $40,298, while the actual increase

in operating expenses of the Southern Railway in 1903 over 1902 was, as shown by said Preliminary Report on Income Account, $4,160,625.

It is shown by the testimony of Mr. Haiden Miller (Trans., Vol. I, p. 153) that the total number of tons of pine lumber shipped via the M. & O. R. R. to points on and north of the Ohio River during the year 1903 was 531,211. The increase of 2 cents per hundred pounds represents 40 cents per ton, and, therefore, if said 531,211 tons shipped via the M. & O. R. R. had paid the increased rate, the increase in revenue to the company would have been $212,484; while the actual increase in operating expenses of the M. & O. R. R. in 1903 over 1902 was, as shown by said Preliminary Report on Income Account, $729,090.

It is shown by the testimony of Mr. C. B. Compton, Ex. No. 3 (Trans., Vol. I, p. 309), that the total number of pounds of lumber shipped via the L. & N. R. R. from producing points south of Birmingham to Ohio River points and beyond during the year 1903 was 379,944,307. The increase of 2 cents per hundred pounds upon this quantity of lumber would have amounted to $75,988; while the actual increase in operating expenses of the Louisville & Nashville Railroad in 1903 over 1902, as shown by said Preliminary Report on Income Account, was $3,030,873.

It is thus shown beyond a reasonable doubt that lumber has not been singled out to bear the burden of increased operating expenses, and that it is in reality bearing a remarkably small part of such increased expenses.

XXIV.

The Fact That Appellants' Net Earnings, as Well as Their Gross Earnings, Have Increased is Not Material.

An examination of said Preliminary Report on Income Account, referred to in Section XXIII., discloses a somewhat remarkable condition as regards the increase in gross and net earnings of the appellants.

In 1902 the gross earnings of the Illinois Central Railroad were $40,821,030; in 1903, $45,186,077; increase, $4,365,047. The increase in net earnings, however, in 1903 over 1902 was only $777,287. In other words, the increase in gross earnings yielded only about 16 per cent of the amount as net; whereas gross earnings ordinarily yield about 30 per cent net.

In 1902 the gross earnings of the Southern Railway were $37,701,673; in 1903, $42,338,248; increase, $4,636,575. The increase in net earnings, however, in 1903 over 1902 was only $475,950, or about 10 per cent of the increase in gross earnings; whereas gross earnings ordinarily yield about 30 per cent net.

In 1902 the gross earnings of the C., N. O. & T. P. Ry. were $5,649,651; in 1903, $6,153,580; increase, $503,929. The increase in net earnings, however, in 1903 over 1902 was only $85,212, or less than 16 per cent of the increase in gross earnings; whereas gross earnings ordinarily yield about 30 per cent net.

In 1902 the gross earnings of the Alabama Great Southern Railroad were $2,401,655; in 1903, $2,670,646; increase, $268,991. *The net earnings, however, in* 1903 *showed a decrease as compared with* 1902 *of* $28,873.

In 1902 the gross earnings of the M. & O. R. R. were $5,973,240; in 1903, $6,836,629; increase, $863,389. The increase in net earnings, however, in 1903 over 1902 was only $134,299, or less than 16 per cent of the increase in gross; whereas gross earnings ordinarily yield about 30 per cent net.

On the L. & N. R. R. conditions were more nearly normal.

Counsel for the appellee filed in the Circuit Court a statement showing the financial results of operation during 1905 as compared with 1903, for the purpose of showing that, notwithstanding the increase in cost of maintenance and operating expenses of the appellants, their net as well as gross earnings have also increased.

Inasmuch as the purpose of the increase in lumber and other rates in 1903 was to bring about an increase in the net earnings of the appellants, it is not surprising that the statement filed by counsel for the appellee should show that result; but it is surprising how slight the increase in net earnings has been, considering the increase in the gross earnings.

For instance, said statement shows that the gross earnings of the Illinois Central Railroad, south of Cairo, increased in 1905 over 1903 by $2,663,256; while the net earnings of said company increased only $145,181.

In Mr. Bowes' Exhibit C-1 (Trans., Vol. I, pp. 284, 285) it is shown that the total number of carloads of lumber moved via the I. C. R. R. through Cairo and Mounds, from Mississippi and Eastern Louisiana during the year 1905, were 21,730. At $8.70 per car, the increase in revenue on said traffic was $189,051 over what the I. C. R. R. would have received at the old rate. The increase in net earnings of $145,181 shown in said statement would, therefore, have been converted into a decrease had not the Illinois Central Railroad been enabled to charge the present rates upon lumber and other commodities.

Said statement shows that the gross earnings of the L. & N. R. R. south of the Ohio River increased in 1905 over 1903 by $2,694,034; while the net earnings of said company increased only $195,602.

In Mr. Compton's Exhibit No. 3 (Trans., Vol. I, p. 310) it is shown that the total number of pounds of lumber moved via the L. & N. R. R. from producing points south of Birmingham to Ohio River points and beyond during the year 1905 was 535,693,119. The increase of 2 cents per one hundred pounds upon this amount of lumber represents $107,138. If the L. & N. R. R. Co. had been deprived of this revenue, its increase in net earnings in 1905 over 1903 would have been only $88,464, notwithstanding an increase in gross earnings of more than two and one-half million dollars.

Said statement shows that the gross earnings of the Southern Railway Company, line west of Virginia and Carolinas, increased in 1905 over 1903 by $1,937,967; while the net earnings of said company increased $295,465.

It is shown in Mr. Green's Exhibit No. 3 (Trans., Vol. I, p. 348) that the total movement via the Southern Railway to points on and beyond the Ohio River during 1905 was 9,889 cars. At $8.70 per car, the increase in revenue on said traffic was $86,034 over what the Southern Railway would have received at the old rate. Had the Southern Railway not been enabled to charge its present rates on lumber and other commodities, but been compelled to charge the former rates, the increase in its net earnings in 1905 over 1903, instead of being $295,465, would have been only $209,431, and the increase in net would have been about 11 per cent of the increase in gross earnings; whereas gross earnings ordinarily yield about 30 per cent.

Said statement shows that, while the gross earnings of the Alabama Great Southern Railroad increased in 1905 over 1903 by $571,130, *the net earnings of said company actually decreased* $79,161.

Said statement shows that the gross earnings of the Mobile & Ohio Railroad Company increased in 1905 over 1903 by $863,109, and that the net earnings also increased by the substantial amount of $432,639; but this favorable showing would have been materially impaired had not the M. & O. R. R. been enabled to charge its present rates upon lumber and other commodities.

Mr. Haiden Miller testified (Trans., Vol. I, p. 153) that the total movement of lumber via the M. & O. R. R. to Ohio River points and beyond during the year 1905 was 537,118 tons. Upon this quantity of lumber the increase of 2 cents per one hundred pounds represents $214,847. Had the M. & O. R. R. been deprived of this revenue, the increase in its net earnings in 1905 over 1903 would have been only $217,792.

On the whole, the statement filed by counsel for the appellee demonstrates how very necessary the increase in rates on lumber and other commodities was.

In the present case, and in the Tift case, 10 I. C. Rep., 548, and In Re Proposed Advances in Freight Rates, 9 I. C. Rep., 382, the Commission has, in substance, held that, although the profit of a railway upon a single transaction of carriage may have been greatly diminished because of increased operating cost, yet if, by reason of the multitude of transactions incident to increased volume of business, the net earnings of the carrier as a whole continue to increase, rates cannot be so increased as to maintain the former reasonable profit upon the single transaction.

This doctrine, which is an invention of the Commission, has nothing to support it; it constitutes error of law upon the part of the Commission, and the Court, because it is in conflict with the opinion of this Court in the case of Cotting v. Kansas City Stock Yards, 183 U. S., p. 95, viz.:

"Pursuing this thought, we add that the State's regulation of his charges is not to be measured by the aggregate of his profits, determined by the volume of business, but by the question whether any particular charge to an individual dealing with him is, considering the service rendered, an unreasonable exaction. In other words, if he has a thousand transactions a day and his charges in each are but a reasonable compensation for the benefit received by the party dealing with him, such charges do not become unreasonable because, by reason of the multitude, the aggregate of his profits is large. The question is not how much he makes out of his volume of business, but whether in each particular transaction the charge is an unreasonable exaction for the services rendered."

Cotting v. K. C. Stock Yards Co., 183 U. S., p. 95.

XXV.

It Was Proper for the Intermediate Roads Leading North From Jackson and Meridian to the Ohio River to Increase Their Proportions, by Increasing the Total Through Rates.

In its majority report and opinion, Trans., Vol. II, p. 995, the Commission said:

"If the allowances to the originating roads are unreasonably large, as they appear to be *from a distance standpoint*, and result in unreasonably low proportions to the other roads, this cannot be remedied by an advance in the total through rates charged to the public."

It will be noted that the Commission in reaching the conclusion that the allowances to the originating roads are unreasonably large predicates its conclusion entirely upon the matter of distance.

The Gulf & Ship Island Railroad is the principal originating road in the lumber producing section of Mississippi.

Its tonnage of lumber varies from 70 to 77 per cent of its whole business.

Hale, Trans., Vol. I, p. 211.

It would not have been built without the assurance of a greater per ton, per mile, rate than the trunk lines, such as the M. & O. R. R. and I. C. R. R. were enjoying.

Hale, Trans., Vol. I, p. 211.

Mr. Gee, Auditor of the Gulf & Ship Island Railroad, estimates that if 2 cents per hundred pounds should be subtracted from the revenue of the Gulf & Ship Island Railroad on lumber destined to Ohio River points and beyond, and given to its connections for the purpose of increasing their proportions, the annual loss to the Gulf & Ship Island Railroad would be in round numbers $200,000 per annum.

Trans., Vol. I, pp. 190, 191.

Mr. Gee testifies that if $200,000 were deducted from the total income of the Gulf & Ship Island Railroad for the year ending June 30, 1903, the remainder of the income would pay a rate of 6 per cent per annum upon a capitalization of only $30,350.49 per mile.

Trans., Vol. I, p. 191.

Mr. Gee further testifies that the cost per mile of the Gulf & Ship Island Railroad on June 30, 1903, was $40,-394.72.

Gee, Trans., Vol. I, p. 197.

Upon said valuation of $40,394.72 per mile, the remainder of income for the year ending June 30, 1903, after deducting said $200,000, would have paid only 4.5 per cent.

The lawful rate of interest in the State of Mississippi is 6 per cent, and the conventional rate may be as high as 10 per cent.

Gee, Trans., Vol. I, p. 187.

It thus appears that while the sacrifice of $200,000 revenue annuallly would not bankrupt the Gulf & Ship Island Railroad, it would have the effect to reduce its interest re-

turn below that realized upon other investments or enterprises.

Mr. Steele testified that if 2 cents per hundred pounds should be subtracted from the proportions of the N. O. & N. E. R. R. on all lumber business to Ohio River points and beyond, on which said road receives 6 cents per 100 pounds, the loss in revenue per annum on basis of actual movements would show as follows:

1902	$94,451
1903	90,759
1904	53,568
1905	59,613

Steele, Trans., Vol. I, pp. 266, 267.

Mr. Steele further testifies that from 1889 to 1903 inclusive the N. O. & N. E. R. R. paid no dividends; and that in the fiscal year 1903-4 paid a 3 per cent dividend of $180,000; and in 1904-5 it paid the same dividend.

Steele, Trans., Vol. I, p. 267.

Mr. Steele further testifies that if the revenues of the N. O. & N. E. R. R. upon its lumber traffic had been curtailed by giving up 2 cents per hundred pounds to its connections the N. O. & N. E. R. R. would not have been able to pay the two dividends which it did pay of 3 per cent each.

Steele, Trans., Vol. I, p. 267.

It thus clearly appears that neither of the originating roads, viz., the Gulf & Ship Island or the N. O. & N. E. R. R., is in such financial condition that it can, as suggested by the Commission, remedy the unreasonably low propor-

tions accruing to the trunk lines by giving them 2 cents of the present revenue of the originating line.

If the Commission had possessed jurisdiction over the divisions of the through rates, and had issued an order compelling the Gulf & Ship Island and the N. O. & N. E. R. R. to sacrifice 2 cents of their revenue to the "intermediate roads," such an order would have been confiscatory in its character and therefore void; and it would not have mattered that such order might have been only partially or slightly confiscatory.

124 Fed. Rep., 602 Spg. V. Waterworks v. San Francisco.

In the majority report and opinion (Trans., Vol. II, p. 965) it is said:

"Out of the balance of the 16-cent rate to Cairo, to wit, 9 cents left the Illinois Central road for the haul from Jackson to Cairo, a distance of 366 miles, comes the bridge toll of 2 cents at Cairo, leaving a net rate of 7 cents, which amounts to 3.8 mills per ton per mile."

Mr. Haiden Miller testified that the average rate per ton per mile earned by the M. & O. R. R. on all lumber—i. e., from connections as well as originating on its own line—is 3.8 mills.

Trans., Vol. II, p. 386.

In its majority report and opinion (Trans., Vol. II, p. 965) the Commission finds said rate per ton per mile of 3.8 mills accruing to the I. C. R. R. to be "small."

Prior to the increase of 2 cents per hundred pounds, the

net rate which accrued to the I. C. R. R. between Jackson and Cairo was 5 cents, instead of 7 cents, as at present; and said proportion of 5 cents yielded a rate per ton per mile of only 2.7 mills. Of course, if a rate per ton per mile of 3.8 mills is "small," as found by the Commission, the former rate per ton per mile of 2.7 mills was exceedingly low. Yet the Commission, toward the close of its opinion, says:

"Those allowances commenced under the lower rates in force prior to the advance and raise the presumption that those lower rates, minus the allowances, were then considered reasonably remunerative for the remainder of the hauls to the Ohio River crossings."

Rep. & O., Trans., Vol. II, p. 995.

The presumption that the 2.7 mills yielded by the former rate was "reasonably remunerative" is not only preposterous, but in conflict with the finding of the majority of the Commission in the earlier part of its opinion that the rate of 3.8 mills yielded by the present rate is "small."

In Chapter IX of this argument, the average rate per ton per mile accruing to the lines south of Cairo, Evansville, Louisville and Cincinnati on lumber originating in Mississippi territory, and destined to representative markets of consumption in territory north of the Ohio River, was stated to be 5.59 mills per ton per mile. In said chapter said 5.59 mills was compared with twelve other rates per ton per mile yielded by lumber rates charged in Texas, New Mexico, Kansas, Arkansas, Missouri, Minnesota, Wisconsin, Illinois, Michigan, Indiana, Ohio, Pennsylvania and New York, and shown to be lower than many interstate rates on lumber charged between points in said States.

Although said average rate per ton per mile of 2.7 mills which accrued to the I. C. R. R. out of former rates as its share between Jackson and Cairo, is less than half of said 5.59 mills accruing to the lines south of Cairo, Evansville, Louisville and Cincinnati, and although all of said rate comparisons were introduced in evidence on the hearing before the Commission, the Commission does not hesitate to say that the presumption is that the rate of 2.7 mills was considered "reasonably remunerative for the remainder of the hauls to the Ohio River crossings."

Trans., Vol. II, p. 945.

We insist that it was error of law for the Commission, and the Court, to predicate their action upon any such presumption.

XXVI.

The Rate on Lumber May Be Somewhat Remunerative and Yet Be Unreasonably Low.

In the majority report and opinion of the Commission (Trans., Vol. II, p. 987) it is said:

"Conceding, however, for argument's sake, that the lumber business had, at the date of the advance, become phenomenally prosperous and remunerative, this could not justify an advance of a rate already reasonably high."

The argument ignores the difference between a rate that is barely remunerative and one that is reasonably remunerative.

In what are known as the "long-and-short-haul cases"

it has repeatedly been argued on behalf of the Commission that a rate to a longer distance competitive point must be assumed to be remunerative, or the carriers would not accept it; and that, if that rate be remunerative, a higher rate to a shorter distance point must necessarily be unreasonably high. The Commission overlooks the fact that while the rate to the farther distant competitive point may pay something over the cost of movement of the longer distance competitive traffic, it may not pay, and frequently does not pay, anything like a *reasonable* remuneration upon that traffic.

In the case of Smyth et al. v. Ames et al., this Court quoted the following from Justice Brewer:

"It must be remembered that these roads are competing roads; that competition tends to a reduction of rates—sometimes, as the history of the country has shown, *below that which affords any remuneration to those who own property.*"

169 U. S., p. 542, Smyth et al. v. Ames et al.

Therefore this Court has never allowed the fact that the longer distance competitive rate pays something more than the cost of movement of the longer distance competitive traffic (and is, therefore, to some extent remunerative) to avail as an argument that the higher rate for the shorter distance traffic is unreasonably high.

Yellow pine lumber manufactured in Mississippi territory may be moved by various competing lines to New York and other North Atlantic cities, or it may be moved by various competing vessels to Europe; or it may be moved, as in

this case, by various competing roads to points on and north of the Ohio River; and when moved to points on and north of the Ohio River it comes into competition with white pine, spruce and hemlock from Canada and the Northern States, with fir from the Pacific coast, and with yellow pine from Georgia territory and Arkansas territory.

It is manifest, therefore, that rates on yellow pine from Mississippi territory to points on and north of the Ohio River must be made in strong competition with other carriers and with other woods. In other words, there is competition of product against product, and competition of carrier against carrier.

In the language of this Court, such competition not only tends to a reduction of rates, but sometimes, as the history of the country has shown, to a reduction of rates *below that which affords any remuneration to those who own property.*

169 U. S., p. 452, Smyth et al. v. Ames et al.

In the joint and several answer filed by the Illinois Central Railroad and others to the petition before the Commission, it was admitted that the previously existing rate on lumber yielded a profit to the carrier; but it was denied that either under the previous or present rates lumber is a very profitable freight, or that it is the most profitable of any freight originating in Southern territory, value, tonnage and cost of handling considered.

XXVII.

Neither the Commission Nor the Court Had Jurisdiction to Determine the Reasonableness of the Proportions of a Through Rate.

The majority report and opinion (Trans., Vol. II, p. 964) finds that "the roads north of the Ohio charge their full local rates from the Ohio River to the lumber markets in Central Freight Association territory as their proportions of the through rates."

On the same page the Commission also says:

"There are divisions of the rates south of the Ohio between what are termed the 'originating roads' on which the lumber is principally manufactured and the roads intermediate between those originating roads and the Ohio River."

Said report and opinion (Trans., Vol. II, p. 995) says:

"If the allowances to the originating roads are unreasonably large, as they appear to be from a distance standpoint, and result in unreasonably low proportions to the other roads, this cannot be remedied by an advance in the total through rates charged the public."

We submit that it was error of law for the Commission, and the Court, to assume jurisdiction to determine either that the proportions of the originating roads are unreasonably large, or that the proportions of the intermediate roads are unreasonably low.

In its Eleventh Annual Report the Commission said:

"We might order a reduction of the whole rate, but we could not determine how that reduction should be shared by the different carriers. If the carriers refuse to agree about that, it is difficult to see how the order could be enforced. Clearly, to make and enforce such an order we must have power to determine the divisions of this through rate between the different roads making up the joint line."

11 Ann. Rep., I. C. C., 1897, p. 27.

In the case at bar, the majority of the Commission has treated the increase of 2 cents as an increase in the total rate from shipping points in Mississippi to the Ohio River crossings, and has, in effect, ordered a reduction of 2 cents per hundred pounds in said through rate; and yet it has not attempted in this case to direct how that reduction of 2 cents per hundred pounds shall be borne between the "intermediate" roads and the "originating" roads.

If the "originating" roads be asked to bear said reduction out of their proportions, which the majority of the Commission intimates are unreasonably large, they can withdraw from the through rates to the Ohio River and send their lumber to the coast, and thence by rail or water to the Northeastern markets.

If the intermediate roads refuse to bear said reduction of 2 cents per hundred pounds out of their proportions of the through rates, which the majority of the Commission intimates are already unreasonably low, and refuse to continue to transport the traffic from Jackson or Meridian to the Ohio River, except at their local rates, the Commission

concedes, in the extract above quoted from its Eleventh Annual Report, that it had no power to coerce either the "originating" roads or the "intermediate" roads to carry the traffic at the reduced rates ordered by the majority report and opinion in this case.

It was not until the act was amended, June 29, 1906, that the Commission was given the power by the 15th section to prescribe "the just and reasonable *proportions* of such joint rate to be received by each carrier party thereto.

34 U. S. Stat. at Large, p. 584.

XVIII.

The Proportions of the Originating Roads Are Not Voluntarily Allowed to Them by the Intermediate Roads.

The majority report and opinion (Trans., Vol. II, p. 995) said:

"The defendants, other than the originating roads, complain of the small amount of revenue or low rate per ton per mile realized by them out of their proportions of the through rates. This is due to the large *allowances* out of the rates made to the originating roads."

Said report and opinion (Trans., Vol. II, p. 965) said:

"The divisions allowed the originating roads are large in proportion to the length of the hauls made by them, and in proportion to the balances of the rates left for the intermediate roads. For example, the average distance from

lumber manufacturing points on the Gulf & Ship Island Road to Jackson is 80 miles. At 7 cents a hundred pounds for a haul of this length, the rate per ton per mile is 1.75 cents, or 17½ mills."

The language above quoted from said report and opinion was evidently intended to convey the impression that the allowances made to the originating lines out of the through rates were voluntarily made by the intermediate lines extending between Jackson and Meridian on the south and the Ohio River on the north.

The testimony, however, of Mr. Bowes with respect to the allowance made by the I. C. R. R. to the Gulf & Ship Island Railroad shows very clearly the conditions under which the allowance of 7 cents per hundred pounds was made to that company on lumber delivered by it to the I. C. R. R. at Jackson, viz.:

"They (i. e., the Gulf & Ship Island Railroad) had a connection at Hattiesburg with the Northeastern, and at Gulfport with the Louisville & Nashville, besides having an outlet at the gulf for export business. Their export business amounts to a great deal. I have no figures to show what they get on export traffic, but it approximates a good figure, I understand; and therefore we had three chances of not handling the traffic. The whole question is simply this: We made the best trade we could. We negotiated with the Gulf & Ship Island, and we did not give them 7 cents because we wanted to, or liked to, but we felt, after a great deal of negotiation, and after trying to get them to accept less, that our interests would be best served by granting their demands."

Trans., Vol. II, p. 488.

Mr. Thomas P. Hale, in his testimony in the Circuit Court, after detailing the conditions surrounding the Gulf & Ship Island Railroad, as a road almost entirely dependent upon its lumber traffic, and therefore under the necessity of getting a greater per ton per mile rate than intermediate lines such as the Illinois Central and the M. & O. R. R., said:

"Now, looking at the other side of the question as to why the trunk lines were justified in accepting our business and getting a much less rate per ton per mile than on their own; we went into a new territory and brought them new business, opened an entirely new territory for them altogether. We had three, or perhaps five, different lines of railroads to give our tonnage to: On the north the Illinois Central, also the Alabama & Vicksburg, part of the Queen & Crescent, at Jackson. At Hattiesburg we had the Northeastern, and through the Northeastern we had the Alabama Great Southern Railroad and the Southern Railroad, which are practically one system, I believe, and also the Mobile & Ohio at Meridian. . . . On the south, at Gulfport, we had the Louisville & Nashville Railroad. In addition to all that, we had the water down there. Therefore our connections saw that we had a position of advantage, and if they wanted to get that business they would have to make it of material advantage to us, so that it would be money in our pockets to give it to them rather than to use either of these other connections or the water. And, again, they were justified because they had their roads built, generally with rock ballast, solid roads, in many cases part of them double-tracked or about to be double-tracked; they had their organization completed, all their engineering, their roadway, their traffic and legal departments, all their various departments were organized, and those ex-

penses were going on continuously, whether they got our business or whether they did not."

Hale, Trans., Vol. I, p. 212.

To the same effect is the testimony of Mr. Haiden Miller as to the reasons justifying the Mobile & Ohio Railroad in allowing the Gulf & Ship Island and N. O. & N. E. R. R. comparatively large proportions as originating lines.

Miller, Trans., Vol. I, p. 154.

Said report and opinion does not pretend that said intermediate roads, or even the Commission itself, could compel said originating lines to accept any less proportion out of the through rates than they now demand and receive.

XXIX.

The Articles of the Southeastern Freight Association and of the Southeastern Mississippi Valley Association Do Not Violate the Anti-Trust Act.

Said articles were adopted after this Court had decided the cases of U. S. v. Trans-Missouri Freight Association (166 U. S., p. 290), and U. S. v. Joint Traffic Association (171 U. S., p. 505).

Said articles were drawn for the purpose of eliminating those features of freight association agreements which this Court had held to be unlawful in the agreements of the Trans-Missouri Association and the Joint Traffic Association.

Those features which this Court had decided to be unlawful in the association agreements involved in those cases were omitted from the articles of the Southeastern Freight Association and the Southeastern Mississippi Valley Association; and they were omitted for the very reason that this Court had decided them to be unlawful.

This Court did not decide, in either of said cases, that *all* freight association agreements are unlawful.

On the contrary, the legality of each agreement must be determined by its own meaning and effect. To use the exact language of this Court, "the question is one of law in regard to the meaning and effect of the agreement *itself*, namely: Does the agreement restrain trade or commerce in any way so as to be a violation of the act?"

166 U. S., p. 341, U. S. v. Freight Association.

This Court held that the Trans-Missouri Freight Association agreement did restrain trade or commerce so as to be a violation of the act; because, in the language of the Court, "the agreement on its face recites that it is entered into for the 'purpose of mutual protection by *establishing and maintaining* reasonable rates, rules and regulations, on all freight traffic, both through and local.' To that end the association is formed and *a body created which is to adopt rates*, which, when *agreed to, are to be the governing rates for all the companies*, and a violation of which *subjects the defaulting company to the payment of a penalty*, and although the parties have a right to withdraw from the agreement on giving thirty days' notice of a desire so to do, yet, while in force, and assuming it to be lived up to, there can be no doubt that its direct, immediate and necessary

effect is to put a restraint upon trade or commerce as described in the act."

166 U. S., p. 341, U. S. v. Freight Association.

The articles of the Southeastern Freight Association and of the Southeastern Mississippi Valley Association will be found on pages 333 to 343, Vol. I of the Transcript; and by reference to them it will be seen that said associations were *not* formed for the purpose of *"establishing"* or *"adopting"* rates. On the contrary, said articles expressly provide that nothing therein contained shall be so construed as to confer upon a majority or any number of members, or upon any committee, or any officer of said association, the power or authority to make rates or tariffs upon the line of any other member; it being distinctly understood that each member reserves to itself the exclusive power to make rates and tariffs on its own line.

It will also be seen that said associations were not formed for the purpose of *"maintaining"* rates. On the contrary, each member distinctly reserves to itself, at all times, the right to take separate and independent action on each and every subject; and therefore it may change its rates at any time, without being subject to penalty, or even to censure.

This Court held that the Joint Traffic Association agreement restrained trade or commerce so as to be a violation of the act, because the expressed purpose of the agreement in that case was, in the language of the Court, "to *establish* and *maintain* reasonable and just rates, fares, rules and regulations on state and interstate traffic."

171 U. S., p. 562, U. S. v. Joint Traffic Assn.

"*The companies are bound to charge the rates fixed upon originally* in the agreement, or subsequently recommended by the Board of Managers, and *the failure to observe their recommendations is deemed a violation of the agreement.*"

171 U. S., p. 563, U. S. v. Joint Traffic Assn.

"By this agreement *the Board of Managers* is, in substance, and as a result thereof, *placed in control of the business and rates of transportation*, and its duty is to see to it that *each company charges the rates agreed upon*, and *receives its equitable proportion of the traffic.*"

171 U. S., p. 565, U. S. v. Joint Traffic Assn.

By reference to the articles of the Southeastern Freight Association and of the Southeastern Mississippi Valley Association (Trans., Vol. I, pp. 333-343) it will be seen that said associations have absolutely no power to either "*establish*" or "*maintain*" rates; because it is expressly provided that no majority, nor any number of members, nor any committee, nor any officer of said association, shall have the power to make rates upon the line of any other member; and said member reserves to itself the exclusive power to make its own rates.

It will also be seen that the members of said associations do not agree to charge any designated rates, for any period whatever; because each member reserves to itself the exclusive right to make its own rates and to change them at will; subject only to the notice required by law.

It will also be seen that in said associations there is no board of managers or other board, committee, or officer, placed in control of the business or rates of any member,

or authorized to see to it that each member charges any designated rates. On the contrary, each member has exclusive control of its own business and rates, and may change them whenever it sees proper to do so.

It will also be seen that in said associations there is no board of managers, committee or officer authorized to see that each company "receives its equitable proportion of traffic," or to see that there is any pooling whatever, either of traffic or earnings.

Said associations understand perfectly that since the decisions of this Court in the Trans-Missouri and Joint Traffic cases, no freight association can be lawfully vested with power to make or maintain rates, or to pool freights or earnings.

Said associations have, therefore, confined their objects and purposes to furnishing a place and method whereby any member desiring to obtain the views of other members in regard to any rate or regulation, may have the subject discussed and considered; it being well understood that such discussion and consideration are merely advisory, and that each member reserves the right to form its own opinion and determine its own action upon every matter connected with its own road, and to change its action at any moment; whether such matter has or has not been submitted to the association for discussion.

XXX.

There Was No Agreement Between Competing Lines to Make the So-Called Advance of Two Cents Per Hundred Pounds on Lumber.

In its majority report and opinion (Trans., Vol. II, p. 963) it is said:

"It was understood to be impracticable for the lines east of the Mississippi to advance their rates without a corresponding advance by the lines west of the Mississippi, and consequently there was a concurrence or *agreement* between them before the advance was made."

Trans., Vol. II, p. 963.

The testimony is positive that there never was any agreement to advance the rates on lumber, and that the advance was the result of the separate and independent action of each carrier.

Compton, Trans., Vol. II, pp. 281, 282.
Steele, Trans., Vol. II, pp. 419, 415.
Green, Trans., Vol. II, p. 209.
Bowes, Trans., Vol. I, p. 133.

XXXI.

There Was No Concert of Action or Previous Understanding Between Competing Lines in Regard to Said So-Called Advance.

The majority report and opinion (Trans., Vol. II, p. 992) said:

"The proof shows conclusively that the advance was the outcome of concert of action and a previous *understanding* between the companies."

There was no testimony to support that finding, except the fact that defendants respectively published their individual and separate tariffs, announcing that said increase would be made at or about the same time.

The words "concert of action" and "previous understanding" were evidently used to import an "agreement," "contract," "combination" or "conspiracy;" and, taken in that sense, we repeat that there was no evidence to support the finding.

XXXII.

Even if There Had Been "Concert of Action" or "Previous Understanding," It Would Not Have Rendered Appellants' Action Unlawful.

The testimony shows that there was no concert of action, and no previous understanding between appellants in the sense of an agreement.

There was consideration and interchange of views between the representatives of appellants and other competing carriers, which resulted in each of appellants becoming convinced that the proposed increase in rates was just and proper. Each of appellants believed, from what its representative had heard during the discussions and interchanges of views which had occurred between them, that the other appellants and companies would put said increase into effect on a certain date; but there was no understanding, in the sense of an agreement, that any one of appellants would put said increase into effect.

But if there had been an "understanding" or "concert of action," even in the sense of an agreement, it would not have rendered appellants' action illegal; because the increase would have been put into effect by each of appellants separately and independently, and with the express reservation to each of appellants of the right to revoke the advance at any moment. Such concert, or understanding, even if it had been in the sense of an agreement, would have been totally different from the concert or understanding which existed between the members of the Trans-Missouri Association and of the Joint Traffic Association; because each of those associations was formed by a contract, under *which the companies selected a central authority to fix and maintain rates, and no company could change the rates* fixed by the representative managers of said association, without subjecting itself to a penalty.

See Opinion of Hon. John W. Griggs, Attorney General, 13 Ann. Rep., I. C. C., p. 19.

XXXIII.

It is Not Unlawful for Competing Carriers to Confer Together on Matters of Common Interest.

In its majority report and opinion, the Commission said:

"Through their authorized official representatives, they (the railway companies) conferred with each other repeatedly as to the making of the advance; recognized the fact that, because of competition in common markets between the lumber-producing districts, the advance should be from all those districts or none; and finally they all promulgated the advance to take effect at exactly the same time and for exactly the same amount."

Trans., Vol. II, p. 992.

The finding that through their authorized official representatives the railways conferred with each other repeatedly as to the making of the increase is true. But appellants insist that there is, neither at common law nor under the statutes of the United States, anything illegal in the representatives of competing carriers conferring with each other, however often, as to making an increase or reduction in rates.

The finding that the railways recognized the fact that because of competition in common markets, between the lumber-producing districts served by them (i. e., the Arkansas district; the Louisiana, Mississippi and Alabama district; and the Georgia district), the increase, if made, should be made at or about the same time from all of those competing districts, on lumber, is true.

It was necessary for each of the lines operating in either of said districts to ascertain whether every other line in that district would increase the rates; and equally necessary to ascertain whether each of the lines operating in the other competing districts would also increase its rates. That fact could not be ascertained except by correspondence or conference; and there is nothing in the law which prohibits such correspondence or conference.

On December 28, 1899, the Interstate Commerce Commission submitted to the Attorney General of the United States certain proposed advances in the official classification, and requested his opinion as to whether the evidence taken by the Commission, and reported to the Attorney General, showed a violation of the act of Congress commonly known as the Sherman Anti-Trust Law. The Attorney General, among other things, said:

"There is an Official Classification Committee, composed of some fourteen railroad officers from different sections. This committee meets on the call of its chairman or upon the request of three members. At its meetings, *suggested changes are considered.* Such changes as the committee with substantial unanimity recommend are noted by the chairman and incorporated into a new official classification, which is then submitted to each company *for its individual action.* Some sixty railroad companies thus *independently pass upon the classification.* They signify their adoption to the chairman, who, after the official classification has been thus adopted, files it with the Interstate Commerce Commission in compliance with the law."

13 Ann. Rep., I. C. C., p. 17.

The second section of Article II of the Southeastern

Freight Association provides that any member of said association "proposing to make any change in its rates, rules or regulations, will suggest the same to said Conference Committee for consideration and interchange of views, before said change shall take effect; but it is distinctly understood that each member reserves to itself at all times the right to take separate and independent action on each and every subject, whether suggested to said Conference Committee or not."

Article VII of said association provides that "nothing herein contained shall be so construed as to confer upon a majority, or any number of members of this association, the power or authority to make rates or tariffs upon the line of any other member of this association, or to make joint rates or tariffs for any other member." . . .

"It being distinctly understood that each member of this association expressly reserves to itself the exclusive power to make rates and tariffs on its own line, and to itself and its connections the exclusive power to make joint rates and tariffs, free from the dictation or control of any other member or members."

Trans., Vol. I, p. 336.

Provisions in substance the same occur in the articles of the Southeastern Mississippi Valley Association.

Trans., Vol. I, pp. 342, 343.

Any member of said associations may suggest any change in rates that it sees proper to suggest. The change is then considered by the different members of the association, and at that point the function of the association absolutely ends. There is no vote taken by the members of

the association; and every member is left at perfect liberty to adopt or reject the proposed change, as it may deem best. If the proposed change be adopted, by every member of the association except one, that one is at perfect liberty to decline to follow the suggestion.

The Attorney General, in the case above referred to, further said:

"To authorize the Attorney General to direct an injunction proceeding under this law, it must be shown that there is a 'contract, combination, . . . or conspiracy in restraint of trade or commerce among the several States.' In the first place, *there is no contract, combination or conspiracy shown. There is consultation by representative railroad men in committee respecting suggested changes in classification. There is subsequent independent action by railroad companies in the adoption of the new classification recommended by the committee. The testimony taken does not show that any railroad company acted under compulsion of a combination* in adopting the official classification. It must be conceded that a common classification by railroad companies operating in the same territory is a desirable thing. *Will it be insisted that a railroad company cannot consult respecting freight classification? Or that, because one railroad company adopts a certain classification, another cannot? The Anti-Trust Law says there must be a contract, combination or conspiracy.* This must be shown. *And it must be shown to restrain individual action.* This is not shown in the testimony submitted."

13 Ann. Rep., I. C. C., p. 18.

There is consultation by representative railroad men in the meetings of said associations respecting suggested

changes in rates or regulations, but after those consultations have been had, the subsequent action by each railroad company as to whether it will adopt the suggested change in rates or regulations is absolutely separate and independent. The testimony taken in this case not only does not show that any railroad company acts under compulsion of a contract, combination, or conspiracy, in adopting the course of action which its representative deems wise; but it shows affirmatively that the articles of said associations expressly prohibit any member, or committee, or officer thereof from making rates upon the line of any other member of the association; and expressly reserve to each member the exclusive power to make rates and tariffs on its own line, and to itself and its connections the exclusive power to make joint rates and tariffs, free from the dictation or control of any other member or members.

The Attorney General, in the case above referred to, further said:

"If a railroad company maintains the existing rates, the change of an article from a lower to a higher class will increase the rate, but, from aught that appears in this testimony, *every railroad company using the classification is at liberty at any time to change the existing rates upon giving the notice required by the Interstate Commerce Act.* Moreover, each railroad company is free to take any article out of the existing classification by making a commodity rate. In other words, *no suppression of competition, no arbitrary fixing of rates, no restraint of interstate commerce is shown.*"

13 Ann. Rep., I. C. C., p. 18.

Section 2 of Article II of the Southeastern Freight Association is as follows:

"Any member of this association proposing to make any change in its rates, rules or regulations, will suggest the same to said Conference Committee for consideration and interchange of views, before such change shall take effect; but it is distinctly understood that each member reserves to itself at all times the right *to take separate and independent action on each and every subject, whether suggested to said Conference Committee or not.*"

Article VII of said association expressly provides "that each member of this association expressly reserves to itself *the exclusive power to make rates and tariffs on its own line*, and to itself and its connections the exclusive power to make joint rates and tariffs, *free from the dictation or control of any other member or members.*"

To the same effect is Article III of the articles of the Southeastern Mississippi Valley Association.

Trans., Vol. I, pp. 342, 343.

Every member of either of said associations is, in the language of the Attorney General, "at liberty at any time to change the existing rates upon giving the notice required by the Interstate Commerce Act." . . . "In other words, no suppression of competition, no arbitrary fixing of rates, no restraint of interstate commerce is shown."

The Attorney General, in the case above referred to, further said:

"The Trans-Missouri and Joint Traffic Association cases afford no precedent for the action requested in this case. Each of those associations was formed by a *contract under which the companies selected a central authority to fix and maintain rates.* There was an absolute suppression of com-

petition. The power of independent action was destroyed. No company could change a rate fixed by the managers of the association without subjecting itself to a penalty."

13 Ann. Rep., I. C. C., p. 19.

In the articles of the Southeastern Freight Association and in the articles of the Southeastern Mississippi Valley Association the companies did *not* select a central authority, or any other authority, *to fix and maintain rates.* On the contrary, the articles of each of said associations expressly provide that nothing therein contained shall be so construed as to confer upon a majority, or any number of members of such association, the power or authority to make rates or tariffs upon the line of any other member of such association, or to make joint rates or tariffs for any other member; that nothing therein contained shall be so construed as to confer upon the Executive Board, or the Conference Committee, or the chairman of the association, or the chairman of the Executive Board, or upon any other committee or officer of such association, the power or authority to make rates or tariffs upon the line of any member of such association, or to make joint rates or tariffs for any member of such association.

In the articles of said associations there is absolutely no suppression of competition. On the contrary, the articles of each of said associations expressly reserve to each member of the association the power of independent action, and the power to change any rate without subjecting itself to a penalty, or even to the censure of other members of the association, or of any one else.

In the Trans-Missouri and Joint Traffic Association

cases, all that was held by this Court was *that no power to make and maintain rates could be conferred upon traffic associations;* and therefore the articles of each of said associations expressly declared that no majority or any other number of members of said association, nor any board, committee or officer of such association should have the power or authority to make or maintain rates or tariffs upon the line of any member of such association.

It was decided by this Court, in the Trans-Missouri and Joint Traffic Association cases, that as those associations were formed by a contract under which the companies selected a central authority to fix and maintain rates, there was an absolute suppression of competition; and that the power of independent action was destroyed, inasmuch as no company could change a rate fixed by the managers of the association without subjecting itself to a penalty; it was, therefore, expressly provided in the articles of the Southeastern Freight Association and the Southeastern Mississippi Valley Association that no officer, board or committee, or the chairman of any board or committee, or any number of members of the association (not even a majority) should have the power or authority to make rates or tariffs upon the line of any member of the association. In order to prevent the "power of independent action" from being destroyed, it was distinctly specified that each member of the association "expressly reserves to itself the exclusive power to make rates and tariffs on its own line, and to itself and its connections the exclusive power to make joint rates and tariffs, free from the dictation or control of any other member or members."

XXXIV.

No Contract Violates the Anti-Trust Act Unless Its Direct and Immediate Effect is a Restraint Upon Interstate Commerce.

This Court did not decide, in the Trans-Missouri and Joint Traffic Association cases, that the Anti-Trust Act forbids *all* agreements that may be made, even between competing carriers. This Court only decided that agreements which give to traffic associations, or to their members or officers, *power to make and maintain rates* are unlawful; and the only reason why the Court decided that those agreements are unlawful, is because their *direct, immediate and necessary effect* is to put a restraint upon trade or commerce as described in the act.

166 U. S., pp. 341, 342, U. S. v. Frt. Assn.

In the case of U. S. v. Joint Traffic Association, this Court said:

"In Hopkins v. United States, decided at this term, *post* 578, we say that *the statute applies only to those contracts whose direct and immediate effect* is a restraint upon interstate commerce, and that to treat the act as condemning all agreements under which, as a result, the cost of conducting an interstate commercial business may be increased, would enlarge the application of the act far beyond the fair meaning of the language used. The effect upon interstate commerce *must not be indirect or incidental only.* An agreement entered into for the purpose of promoting the legitimate business of an individual or a corporation, with no purpose to thereby affect or restrain interstate com-

merce, and which does not *directly* restrain such commerce, is not, as we think, covered by the act, *although the agreement may indirectly and remotely affect that commerce.* We also repeat what is said in the case above cited, that '*the act of Congress must have a reasonable construction,* or else there would scarcely be an agreement or contract among business men that could not be said to have, *indirectly or remotely,* some bearing upon interstate commerce and possibly to restrain it.' "

171 U. S., p. 568, U. S. v. Joint Traffic Assn.
171 U. S., p. 578, Hopkins v. U. S.

Under the decisions of this Court in the Trans-Missouri and Joint Traffic Association cases, railroads, like other corporations and private individuals, may make any agreement with reference to traffic in which they have a common interest, provided its *direct, immediate* and *necessary* effect is not a restraint upon interstate commerce; and it is not sufficient to invalidate traffic agreements to show that they have "*indirectly* or *remotely* some bearing upon interstate commerce, and possibly to restrain it."

171 U. S., p. 568, U. S. v. Joint Traffic Assn.

To illustrate: Article II, Section 1, of the Articles of Association of the Southeastern Freight Association, prescribes how the Conference Committee shall be constituted. And Section 2 of said article provides that: "Any member of this association proposing to make any change in its rates, rules or regulations, will suggest the same to said Conference Committee for consideration, and interchange of views, before such change shall take effect; but it is distinctly understood that each member reserves to itself at all times the right to take separate and independent action on

each and every subject, whether suggested to said Conference Committee or not."

Trans., Vol. I, p. 334.

Article II, Section 1, of the articles of the Southeastern Mississippi Valley Association contains a similar provision.

Trans., Vol. I, p. 342.

It may be conceded that the section just quoted *"indirectly," "incidentally,"* or *"remotely"* affects interstate commerce, in the sense that the "consideration" and "interchange of views" provided for may result in a change of rates, that otherwise would not occur. *But it does not have a "direct and immediate effect"* upon interstate commerce; because, as a matter of fact, no change of rates may result from such consideration and interchange of views; and, if it should, each member reserves to itself at all times the right to take separate and independent action on each and every subject, whether suggested to said Conference Committee or not. Therefore if any change in rates should be made, as the result of said consideration and interchange of views, such change may immediately thereafter be revoked by any member, and by its separate and independent action. It is in that very respect that the Southeastern Freight Association and the Southeastern Mississippi Valley Association differ from the Trans-Missouri and Joint Traffic Associations. As said by the Attorney General, those (the Trans-Missouri and Joint Traffic) associations were formed by contracts under which the companies *selected a central authority to fix and maintain rates. No company could change a rate fixed by the managers of the association* without subjecting itself to a penalty; and therefore there was an absolute suppression of competition; and the power of independent action was destroyed.

13 Ann. Rep., I. C. C., p. 19.

But in the Southeastern Freight Association and in the Southeastern Mississippi Valley Association *no power was conferred upon any board, committee, officer or member of the association to make rates upon the line of any* other member; and each and *every member was expressly authorized to change its own rate,* at any time, free from the dictation of any other line.

This Court decided that the Trans-Missouri and Joint Traffic Associations were unlawful, because their *direct, immediate* and *necessary* effect was to put a restraint upon interstate traffic; and that their direct, immediate and necessary effect was to put a restraint upon interstate commerce, *because they conferred upon their officers power to make and maintain rates, and reserved no right to their individual members to change such rates.*

166 U. S., 341, 342, U. S. v. Frt. Assn.

XXXV.

Appellants Did Not Promulgate the Increase of Rates on the Same Day.

The majority report and opinion in this case (Trans., Vol. II, p. 992) said:

"They (appellants) all promulgated the advance to take effect at exactly the same time and for exactly the same amount."

The testimony shows that each of the appellants (except the L. & N. R. R.) did promulgate that the increase should take effect at exactly the same date; but it also shows

that appellants did not make their promulgation of the increase on the same date.

The testimony shows that the written declarations filed by the several appellants in this case with Chairman Washburn, notifying him of the increase in rates complained of in this case, were not filed jointly, but were filed separately and independently by each of the appellants; and that they were filed on different dates.

The written statement or declaration of the L. & N. R. R. Co., promulgating the increase of 2 cents per hundred pounds, was dated March 13, 1903.

Trans., Vol. II, p. 772.

The written statement or declaration of the M. & O. R. R. was dated March 18, 1903.

Trans., Vol. II, p. 778.

The written statement or declaration of the Southern Railway Company was dated March 21, 1903.

Trans., Vol. II, p. 780.

The written statement or declaration of the I. C. R. R. Co. was dated March 9 and 16, 1903.

Trans., Vol. II, pp. 766, 775.

The fact that the increases severally promulgated by appellants were to take effect at exactly the same date is immaterial; because there is nothing in the law to prohibit one railroad company from making its tariff take effect upon the same date that the tariffs of its competitors are to take effect.

It is to the interest of the public, as well as of competing carriers, that the tariffs of all competing lines shall take effect on the same date. The sixth section of the original Act to Regulate Commerce (which was confessedly an experimental act) required that every common carrier, subject to its provisions, should file with the Commission copies of its schedule of rates, and should promptly notify the Commission of all changes made in the same.

24 U. S. Stat. at Large, pp. 379, 380.

As to the finding that appellants promulgated the increase to take effect "for exactly the same amount," it was useless for either of appellants to promulgate its increase for more than the increase promulgated by its competitors; and as each of appellants was satisfied, from their discussions and interchanges of views, that each of them would make the increase for the same amount, it was accordingly done.

XXXVI.

There Has Been No Suppression of Competition in This Case.

The majority report and opinion (Trans., Vol. II, p. 993), said:

"Competition is favored by the laws. . . . The ground upon which competition is favored is that it conduces to the reasonableness of rates or to the protection of the public from unreasonably high or excessive rates."

In support of that proposition, the majority of the Commission refer to the decisions of this Court in the Trans-Missouri and Joint Traffic Association cases.

The facts in those cases fell clearly within said proposition; the soundness of which is fully conceded.

But "the Trans-Missouri and Joint Traffic Association cases" afford no precedent for the application of said proposition to the facts of this case.

"Each of those associations was formed by a contract under which the companies selected a central authority to fix and maintain rates. There was an absolute suppression of competition. The power of independent action was destroyed. No company could change a rate fixed by the managers of the association, without subjecting itself to a penalty."

Opinion of Hon. John W. Griggs, Attorney General, 13 Ann. Rep., I. C. C., p. 19.

In this case the members of the Southeastern Freight Association and of the Southeastern Mississippi Valley Association have not selected a central authority, or any other authority, to fix and maintain rates. On the contrary, each member expressly reserves the right to make and change its own rates. There cannot be "a suppression of competition," nor a destruction of "the power of independent action," under articles of association which expressly reserve to each member the right to change its rates at any moment. There has never been an instant of time since the increase in rates complained of in this case was promulgated when any member of either the Southeastern Freight Association, or of the Southeastern Mississippi Valley Association, could not revoke said increase and reduce its rates to any figure; even though such figure be below that at which the rates were, when said increase was made.

XXXVII.

The Increase of Two Cents Per Hundred Pounds is the Outcome of Competition.

The majority report and opinion (Trans., Vol. II, p. 994), said:

"The advanced rates complained of cannot be claimed to be the outcome of competition, because 'the natural, direct and immediate effect of competition is to lower' (171 U. S., 577, 43 L. Ed., 290, 19 Sup. Ct. Rep. 25), rather than advance, rates. The advanced rates must be presumed to be higher than rates which unrestrained competition would produce."

Appellants certainly do claim that the increased rates complained of are the outcome of unrestrained competition; and they do so, because said rates are the outcome of the action of carriers who can, and do, compete, free from any restraint whatever. The circumstances and conditions existing when said increase of 2 cents per one hundred pounds was made would have fully justified a much greater increase, and it was nothing but the competition which existed between the appellants that prevented an increase of much more than 2 cents.

Appellants have hereinbefore shown that the Articles of Association of the Southeastern Freight Association and of the Southeastern Mississippi Valley Association do *not* "suppress competition" nor "destroy the power of individual action."

Competition always exists, and exists in every case, so long as each and every competitor reserves to itself the right to make or change its own rates.

See Opinion of Hon. John W. Griggs, Attorney General, 13 Ann. Rep., I. C. C., pp. 18, 19.

XXXVIII.

Neither the Commission Nor the Circuit Court Had Any Jurisdiction, in This Case, of the Anti-Trust Act.

The majority report and opinion (Trans., Vol. II, p. 994), said:

"We deem it unnecessary to express an opinion as to whether this concert of action in fixing the advanced rate amounts to an unlawful agreement under the so-called 'Anti-Trust Act'—the enforcement of that act being a matter properly cognizable by the courts. It is clearly, however, within the scope of our authority and duty to consider this joint or concerted action of the defendants in the aspect of its bearing upon the reasonableness and validity of the advanced rate, the result of that action. Where rates are established by concert of action and previous understanding between the carriers, it is manifest, whether or not there be a binding agreement to maintain such rates, that the element of competition is eliminated. Concert of action is wholly inconsistent with competition, and during the time the rates fixed by concert of action are maintained the effect, so far as competition is concerned, is the same as if there was a binding agreement to maintain such rates."

We have hereinbefore shown that there was no concert of action in the sense of an agreement or understanding; and that if there had been concert of action, even in the sense of an agreement, it would not have violated the Anti-Trust Act: because there was no suppression of competition nor destruction of the power of independent action.

See Opinion of Hon. John W. Griggs, Attorney General, 13 Ann. Rep., I. C. C., p. 19.

As to the proposition asserted in the extract quoted above, that concert of action is wholly inconsistent with competition, we have hereinbefore shown that, though it be true that concert of action which amounts to an absolute suppression of competition, and the destruction of independent action, as was the fact in the Trans-Missouri and Joint Traffic Association cases, is prohibited, yet where the association has no power to make and maintain rates, and each individual member reserves the right to make and change its own rates, free from the dictation of any one, such concert of action does not "suppress competition" nor "destroy independent action," and therefore is not prohibited by the Anti-Trust Act.

Opinion of Hon. John W. Griggs, Attorney General, 13 Ann. Rep., I. C. C., p. 19.

As to the proposition asserted in the extract quoted at the head of this section that "during the time the rates fixed by concert of action are maintained, the effect, so far as competition is concerned, is the same as if there was a binding agreement to maintain such rates." The majority of the Commission doubtless relies upon, though it does not cite, the following language from the opinion of this Court in the case of U. S. v. Trans-Missouri

Freight Association, 166 U. S., 341, viz.: "And although the parties have a right to withdraw from the agreement *on giving thirty days' notice of a desire so to do, yet while in force (i. e., the contract of association), and assuming it to be lived up to, there can be no doubt that its direct, immediate and necessary effect is to put a restraint upon trade or commerce as described in the act.*"

The difference between the Trans-Missouri case, and this case, is that in the former, the companies selected a central authority to fix and maintain rates, which was an absolute suppression of competition and a destruction of the power of independent action. So long as a company remained a member of the Trans-Missouri Association, whether it did so for an hour, a day, a week or a month, its rates were absolutely controlled by the central rate-making authority of the association, and it could not change any rate fixed by that authority without subjecting itself to a penalty; but in the case of the Southeastern Freight Association and of the Southeastern Mississippi Valley Association, no rate is fixed by the association, or by any central authority within the association, because each and every rate is made separately and independently by the individual members; and instead of agreeing that rates made by the association, or any central authority in the association, shall be maintained by a member until it gives thirty days' notice of a desire to withdraw from the association, the articles of said associations expressly provide that each and every member may change its rates at any time without withdrawing from the association, and without hindrance from any one, either in or out of the association. There never has been an hour or even a minute during which any member of said associations has been bound to maintain any rate made by it for any length of time, however brief.

As to the proposition involved in the extract quoted above, that though the enforcement of the Anti-Trust Act is not properly cognizable by the Commission, it is within the scope of the authority and duty of the Commission to consider the action of the appellants as members of the Southeastern Freight Association, and of the Southeastern Mississippi Valley Association, in the aspect of its bearing upon the reasonableness and validity of the increased rates, we insist that if the Commission has no jurisdiction to enforce the Anti-Trust Act, it has no right to consider whether the action of the appellants as members of either of said associations is, or is not, in violation of that act; and while the majority of the Commission "deem it unnecessary to express an opinion" as to whether the appellants have violated said act, the enforcement of which is admitted to be "properly cognizable by the courts," the report and opinion of the majority is predicated almost entirely upon the proposition that the appellants have violated said act in increasing the rates in controversy in this case.

In the case of Sprigg v. B. & O. R. Co., 8 I. C. Rep., pp. 456, 457, the Commission took what, we contend, is the sound view of this question. In that case the Commission said:

"The real difficulty is that the Commission has no authority to administer the Anti-Trust Law, *or even to determine whether that law has been violated.* A court of general jurisdiction could do so, but not an administrative body whose power is limited by the law which created it. We are not prepared to admit that the evidence in this case shows a violation of the statute against trusts, but, even if the fact of such violation were clearly established, *we do not*

see how that of itself furnishes ground for an order by us against the rates now in force. Whatever may have been the nature of the agreement or understanding, if there was any, which preceded or resulted in the withdrawal of the quarterly ticket by both roads at about the same time, there is no proof whatever that the rates now charged are maintained by virtue of unlawful compact. If each carrier had advanced its rates by purely independent action and in a perfectly legal manner, and such advanced rates were reasonable in fact under all the circumstances, no doubt could arise as to the lawfulness of the transaction. *Would those same rates be rendered unreasonable by showing that lower rates were withdrawn by a concert of action prohibited by the Anti-Trust Law?* We do not think so. If an investigation by the Commission discloses a violation of that law, *its power is not enlarged or its duty changed in respect of the rate involved in the inquiry.* The most it could do in such case would be to lay the proofs before the Attorney General for such action as he might think proper to take."

In the case of Cattle Raisers' Assn. v. Ft. W. & D. C. Ry. Co. et al., 7 I. C. Rep., 535, the Commission held, in substance, the same that it held in the Sprigg case above cited.

If the Commission had no jurisdiction to declare said increase of 2 cents per one hundred pounds to be unreasonable because it violates the Anti-Trust Act, the majority of the Commission, in their report and opinion, should not have referred in any way to that act.

But the frequent references in the majority opinion to said act, and to the Trans-Missouri and Joint Traffic Association cases, make it manifest that if the majority of the

Commission had not believed that the action of the appellants as members of said associations is violative of said act, said majority report and opinion would not have found that said increase is unreasonable or unjust.

To paraphrase the language of this Court in the case of I. C. C. v. L. & N. R. R. Co., 190 U. S., pp. 284, 285, no room in reason is left to sustain the view that the majority of the Commission could have held that said increase of 2 cents per hundred pounds was in and of itself unreasonable, if appellants had not been members of said associations.

XXXIX.

The Error of Judge Speer in Holding That the Purpose of the Southeastern Freight Association is "To Fix and Control Rates."

The appellee will doubtless rely upon the decision of District Judge Speer in the case of Tift et al. v. Southern Ry. et al., a somewhat kindred case, which has been appealed to this Court, and is to be heard immediately after this case.

In the Tift case Judge Speer said that the purpose of the Southeastern Freight Association is "plainly enough to fix and control the rates to be charged by each and all of its members for the railway transportation of freight."

138 Fed Rep., p. 754, Tift v. Southern Ry.

The "purpose" of said association must, of necessity, be ascertained either from its articles of association or from the action of its members.

Said articles certainly disclose no such "purpose" as is

attributed by His Honor. On the contrary, they expressly provide that neither a majority, nor any number of members of the association, nor any board, committee or officer of the association, shall have any power or authority to make or fix rates or tariffs upon the line of any member of the association.

Trans., Vol. I, p. 240.

We deny that His Honor had any right to ascribe to said association an illegal "purpose" merely because he evolved it "out of his inner consciousness."

XL.

Neither the Southeastern Freight Association Nor the Southeastern Mississippi Valley Association Has Any Authority to Issue a "Firman" or "Ukase."

His Honor, Judge Speer, said: "The territory to which this association (i. e., the Southeastern Freight Association) extends its dominating control comprehends the States of Virginia, North Carolina, South Carolina, Georgia, Florida, and those portions of Tennessee and Alabama east of a line extending from Chattanooga via Birmingham, Selma and Montgomery to Pensacola. In that territory, with all of its varied products, with an area and population vaster than many empires of which we have an account, as regards every interest dependent upon the transportation of commodities, the action of the association is more authoritative than the firman of the Sultan or the ukase of the Czar."

138 Fed. Rep., pp. 754, 755, Tift v. Southern Ry.

A French officer, while witnessing the celebrated "charge of the six hundred," exclaimed: "It is magnificent, but it is not war!" and so we say of the inflammatory and sophomorical language employed by His Honor, "It is magnificent, but it is not true."

As shown by the articles of said association, neither of them has one iota of control over the rates charged for transportation in the "imperial territory" described by His Honor, or in any other territory. And so far from said associations having the power to issue orders "more authoritative than the firman of the Sultan or the ukase of the Czar," they have absolutely no power to issue any order at all.

XLI.

Appellants Have Not Violated the Pooling Section of the Interstate Commerce Law.

His Honor, Judge Speer, said:

"This combination or concert of action on the part of the respondent railroads is plainly violative of that provision of the Interstate Commerce Law, which forbids *pooling.*"

138 Fed. Rep., p 761, Tift v. Southern Ry.

The fifth section of the Act to Regulate Commerce prohibits "the pooling of freights of different and competing railroads," or the division between them of "the aggregate or net proceeds of the earnings of such railroads, or any portion thereof."

24 U. S. Stat. at Large, p. 379 et seq.

Inasmuch as the articles of said association contain no reference whatever either to a physical pooling of freights, or to a division of earnings by means of a money pool, and inasmuch as the conferences between the railways preceding the increase complained of had absolutely nothing to do with a division of traffic, or of earnings from traffic between competing railways, it is imposssible to discover the process of reasoning upon which the erroneous assertion above quoted was arrived at by His Honor.

XLII.

We have Never Insisted that Because the Members of Said Associations Could Withdraw from the Association Agreement at Any Time, it Was Not a Combination in Restraint of Trade.

His Honor, Judge Speer, further said:

"It was insisted by the learned special counsel for respondents that because the various members of the association expressly stipulated in the articles of organization that each and all members could at will and at any time withdraw from the agreement to fix rates, it was not a combination in restraint of trade. This view seems wholly untenable. That is merely a recitation of a privilege which any party to an unlawful enterprise enjoys."

138 Fed. Rep., p. 763, Tift v. Southern Ry.

The counsel referrred to by His Honor never insisted that because each and all the members could at will and at any time withdraw from the association agreement, it was

not a combination in restraint of trade. What said counsel did contend for was that the association agreement was not an "agreement to fix rates" at all.

His contention was that there was not, and could not be, any "agreement to fix rates;" because the articles of association expressly provide that no majority, nor any number of members, nor any committee, nor any officer of said association, shall have the power to make rates upon the line of any other member, and expressly reserve to each member the right to make its own rates, and to change them at will.

In the Trans-Missouri Association case there did exist an illegal "agreement to fix and maintain rates," and no member could change the association rates without withdrawing from the association agreement. See 166 U. S., p. 341.

But in this case we contend that there is absolutely no agreement to either "fix' or "maintain" rates; that there are no such rates as "association rates;" that each member expressly reserves the right to make its own rates; and that it may change those rates at any time, without withdrawing from said association.

It is not the case of a party to an unlawful association agreement being compelled to withdraw from the association before it can change the "association rates;" but it is the case of a party who under the terms of a lawful association agreement has the right to make its own rates and to change them at any time, without withdrawing from the association at all.

We do not object to His Honor inventing a faulty argument, and then answering it to his own satisfaction; but we do object to his ascribing to us a faulty argument which we did not make, while he fails to answer the argument which we did make.

XLIII.

Appellants have Never Claimed the Right to Arbitrarily Increase Freight Rates.

His Honor, Judge Speer, further said:

"The cardinal error to which the railroads have been committed in this important controversy is the apparent belief that they have the right, by *arbitrarily* increasing freight rates, to divert at any time to their own treasuries a share of the profits of successful industries or occupations."

138 Fed. Rep., p. 763, Tift v. Southern Ry.

Neither the appellants in this case, nor those in the Tift case ever entertained any such belief as His Honor invented and ascribed to the defendants in the latter case. They know that the rates in controversy in this case have not been made *"arbitrarily;"* and their "belief" is that said rates have been fairly and equitably adjusted upon full consideration of the cost of service to the carrier, the value of the service to the shipper, the effect of competition between carrrier and carrier, the effect of competition between market and market, the effect of competition between product and product, and every other circumstance and condition which should be considered in attempting to arrive at a just and reasonable rate.

XLIV.

The Commission Erred in Finding that the Average Rate Per Ton Per Mile on Lumber Originating on the Illinois Central Railroad in 1903 Was Greater than the Average, 5.91 Mills, on All Traffic.

In its majority report and opinion, Trans., Vol. II, p. 966, the Commission said:

"Lumber is a low class traffic (class 6 under both the Southern and Official Classifications), much below the average classification, but the average rate per ton per mile on lumber originating on the Illinois Central road in 1903 was greater than the average, 5.91 mills, on all traffic."

Mr. Bowes, in his deposition given in the Circuit Court, said with reference to this finding of the Commission:

"I don't think that was ever figured out on all the shipments over the Illinois Central Railroad, at any time, and never has been figured out yet, and I am, therefore, at a loss to know from what source, or by what means, the Interstate Commerce Commission became possessed of information on that point. I have never seen it figured out."
Bowes, Trans., Vol. I, p. 171.

Mr. Bowes then gave illustrations of rates from McComb City to points in Iowa to show that the rate per ton per mile yielded by the rates was not as much as 4 mills.
Bowes, Trans., Vol. I, p. 172.

It is shown by Mr. Green's Exhibit No. 9, Trans., Vol. I, pp. 344, 345, that the 6th class rate from McComb, Miss., to Cairo, Ill., is 40 cents; and it is also shown by said exhibit that the rate on pine lumber from McComb to Cairo is 16 cents, or 24 cents less than the sixth class rate. This comparison will give some idea of the very great concession that has been made by the railways in the establishment of commodity rates upon lumber.

XLV.

Since the Testimony in this Case was Concluded Before the Commission in February, 1904, Conditions Surrounding the Lumber Traffic Have Undergone a Material Change for the Better.

Mr. Green in his deposition given in the Circuit Court on February 9, 1906, thus reviews the conditions since April 15, 1903, the date of the increase complained of:

"The advance of 2 cents a hundred pounds to points on and north of the Ohio River in rates on lumber from Mississippi, etc., took effect on April 15, 1903. Prior to that time there had been great activity in the lumber market in that section, prices were high and demand very strong, largely due to the fact that the railroads were heavy purchasers of structural timber and other lumber for their own use. The demand for lumber in the building trade was also very good and the prices high. Those conditions continued until some time during the last half of 1903, when the movement began to diminish because of the fact that the railroads had retired from the market for cars, our company,

for instance, having bought only 703 freight cars in the entire year 1903, and due to other depressing conditions; probably owing to the approaching Presidential election and some uncertainty as to the outcome of that, and stringency in the financial market, which curtailed operations generally. Those conditions continued through the first half of 1904. On June 29, 1904, the secretary of the Southern Lumber Manufacturers' Association at St. Louis sent out a circular letter addressed to members and manufacturers, stating that 'as a result of the interchange of information regarding the condition of stocks and the steady accumulations since January 1, members and manufacturers representing over 75 per cent of the output in the States of Missouri, Arkansas, Texas, Louisiana, Mississippi and Alabama have decided to reduce their running time at saw mills at least 33 1-3 per cent, beginning July 1. It is believed if those who have not yet decided to reduce running time will cooperate, the deplorable conditions now prevailing will soon be relieved.' "

"These conditions naturally resulted in a curtailment of the movement. The action on the part of the mill owners, beginning on July 1, 1904, reducing their output one-third, of course, affected the movement. Prices were also somewhat affected, and in February, 1904, a reduction of prices was made, the prices then adopted being lower than they had been for a considerable period before that, and lower certainly as to some classes of lumber than they had been since March, 1901. This low scale of prices, however, was temporary, and they began again to advance in August, 1904. I have a statement, marked Exhibit No. 1, which gives a comparison of prices on yellow pine lumber at points north of the Ohio River taking a rate of 23 cents, that pre-

vailed in January, 1904, prior to the reduction; in February, 1904, when the reduction was made; in August, 1904, when the prices began to advance, and in February, 1906—that is, the present prices. This statement shows that in January, 1904, the price of 'A Edge Grain Flooring' was $29 per thousand feet. In February it had been reduced to $26. It was the same in August. But at the present time it is $35.50, an advance of $9.50 per thousand feet since February, 1904."

"'A Flat Grain Flooring,' worth $21 in January, 1904, reduced to $19.50 in February, 1904, and advanced to $20.50 in August, 1904, and is now $29.50, an increase of $10 as compared with February, 1904. The entire list was not advanced in August, 1904, but has been advanced subsequent to that time as I will hereafter show."

"Now, as showing the reasons for the improved conditions since the short period of depression, between February and August, 1904, I previously stated that the Southern Railway ordered only 703 freight cars in the entire year of 1903. We ordered none the first half of 1904, but from June 1, 1904, to June 1, 1905, the Southern Railway ordered 10,503 new freight cars. And since June 1, 1905, to date we have placed additional orders for 11,806 new freight cars. Other railroads in the country have placed large orders for freight car equipment and practically every carworks in the country is now running full time and is behind with its orders. Therefore the existing conditions with respect to the lumber traffic to points on and north of the Ohio River are substantially different from those existing in February, 1904, in that the demand is very much greater and the prices are very much higher."

Green, Trans., Vol. I, pp. 245, 246, 247.

After the advance of April 15, 1903, railroads generally, particularly east and north, called a halt in their expenditures for improvement and for new equipment, because of some apprehension as to the disturbance of the money market and possible curtailment of business. The Presidential election had a very important bearing on the matter, and affected all financial enterprises and all building operations generally.

Green, Trans., Vol. I, pp. 247, 248.

Mr. Compton, upon being asked to state what changes if any there had been in general conditions since February, 1904, said:

"Improved market conditions and demands for lumber. Locomotive works and car manufactories cannot supply the demand upon them. Business conditions have generally improved and continue to improve, and the end is not yet in sight. In so far as the prosperity of the lumbermen is affected by the general prosperity, they have no cause of complaint and have great cause for satisfaction. The car supply of the Louisville & Nashville Railroad has been taxed to its utmost. This is true with respect to lumber shipments, as well as of commodities in general; although we are now furnishing to lumber shippers on our line more cars than we were called upon to furnish in previous years, yet the supply is inadequate, and no transportation man could possibly have anticipated and been ready for the emergency which has occurred. By reason of shortage of cars, the Louisville & Nashville Railroad has considered that its first duty was to the mill men upon its own line, and it has discontinued the sending of cars off its line for loading at mills on foreign roads. The car shortage has been practically continuous since the Presidential election, and still

continues, notwithstanding we have substantially increased our rolling stock."

Compton, Trans., Vol. I, p. 167.

Mr. Compton further said:

"In 1903 there was a business depression, and caution on the part of all railroad companies which caused them to think that it would be well to restrict the building of cars, as they did not know what the outcome would be. Immediately after 1903 business picked up again, and since that time the conditions in this country have been unprecedented in prosperity."

Compton, Trans., Vol. I, p. 173.

Mr. Bowes testified:

"The prices of lumber now range from $2.50 per thousand as a minimum to $10 per thousand as a maximum over the prices that obtained in 1903, at the time the advance in lumber rates took place."

Bowes, Trans., Vol. I, p. 132.

"It is today and has been for some time a question of the ability of the lumber manufacturers and shippers to supply the demand."

Bowes, Trans., Vol. I, p. 132.

Mills in Eastern Louisiana and in Mississippi are 40 to 60 days behind with their orders at present.

Enochs, Trans., Vol. I, p. 175.

Mr. Hale testified:

"Since February, 1904, the price of lumber has increased 50 or 60 per cent."

Hale, Trans., Vol. I, p. 208.

That the lumber business has been thriving is manifested by continual applications to the Gulf & Ship Island Railroad for tracks and sidings into new mill sites.

Hale, Trans., Vol. I, p. 208.

XLVI.

The Movement of Lumber to Points on and North of the Ohio River has Increased.

One of the principal claims of the complainants before the Commission was that the advance of 2 cents per hundred pounds had restricted and would continue to restrict the movement of yellow pine lumber to the markets on and north of the Ohio River. The statistics of movement, however, which were filed as exhibits to the depositions in the Circuit Court entirely disprove said claim.

The movement of yellow pine lumber via L. & N. R. R. from producing points south of Birmingham to Ohio River points and beyond has been as follows:

1903.....379,944,307 pounds
1904.....384,472,395 pounds
1905.....535,693,119 pounds

Compton, Exhibit No. 3, Trans., Vol. I, pp. 309, 310.

The movement of yellow pine lumber via the Illinois Central Railroad, through Cairo and Mounds, Ill., from points in Alabama, Florida, Georgia, Louisiana (east of the Mississippi River) and Mississsippi has been as follows:

1902.....18,269 cars
1903.....20,540 cars
1904.....16,587 cars
1905.....22,028 cars

Bowes, Exhibit C, Trans., Vol. II, pp. 850, 851.
Bowes, Exhibit C-1, Trans., Vol. I, pp. 284, 285.

Mr. Green's Exhibit No. 3 shows that the movement of lumber via the Southern Railway from Georgia and Florida, and also from Alabama, Mississippi and Eastern Louisiana to points on and north of the Ohio River, January to October inclusive, years 1902, 1903, 1904 and 1905 has been as follows:

1902:.....8,027 cars
1903.....9,743 cars
1904.....6,666 cars
1905.....9,889 cars

Green, Ex. No. 3, Trans., Vol. I, pp. 327, 328.

The movement of lumber via the M. & O. R. R. to Ohio River points and beyond has been as follows:

1902.....528,167 tons
1903.....531,211 tons
1904.....462,108 tons
1905.....537,118 tons

Miller, Trans., Vol. I, p. 153.

Mr. Steele filed as Exhibit No. 1 to his deposition a statement showing the movement of lumber from N. O. & N. E. R. R. stations in Mississippi to points in Central Freight Association territory. Said statement shows as follows:

1902	12,443 cars
1903	12,428 cars
1904	9,910 cars
1905	12,987 cars

Mr. Steele explains that the movement during the last three months of 1905 would have been at least 2,000 cars greater had the N. O. & N. E. R. R. been able to furnish the equipment.

Steele, Ex. 1, Trans., Vol. I, pp. 348, 349, 262.

The decrease in movement from Alabama & Vicksburg stations shown by Steele's Ex. No. 1 is explained by the fact that the lumber on said road has been nearly exhausted.

Steele, Trans., Vol. I, p. 262.

The marvelous increase in the amount of lumber exported through the port of Gulfport would indicate that there may have been a diversion to that port of at least a part of the lumber which would ordinarily have moved from Mississippi territory to markets on and north of the Ohio River.

Mr. Hale, Second Vice President of the Gulf & Ship Island Railroad, testifies that 20 to 22 per cent of the lumber produced on said road moves through Gulfport for export and for coastwise trade.

Hale, Trans., Vol. I, p. 216.

He testifies that up to date the harbor at Gulfport has cost the Gulf & Ship Island Railroad in the neighborhood of $2,000,000.

Hale, Trans., Vol. I, p. 216.

He thus explains the purpose of the construction of the harbor at Gulfport:

"The harbor at Gulfport was constructed by the Gulf & Ship Island Railroad for the purpose of enabling the mill men on that line to reach the coastwise markets and the markets of the world. Also to strengthen the position of the Gulf & Ship Island Railroad in the event that the markets in the interior of the United States were depressed on account of panic or failure of crops. The mill men on the Gulf & Ship Island Railroad have the advantage of shipping to South America, to Europe, Africa and to all points of the world."

Hale, Trans., Vol. I, pp. 215, 216.

The movement through Gulfport, including lumber produced on the Gulf & Ship Island Railroad and that which comes to the port of Gulfport by water, has been as follows:

1902...	13,044,237 feet..	(About)	1,000 cars
1903...	47,232,765 feet..	(About)	3,500 cars
1904...	193,275,500 feet..	(About)	15,000 cars
1905...	225,990,750 feet..	(About)	17,000 cars

Hale, Trans., Vol. I, p. 209.

XLVII.

The Price of Lumber Has Materially Advanced Since the Testimony Before the Commission was Taken.

The increase complained of in this case took effect on April 15, 1903.

It is shown by Mr. Compton's Exhibit No. 4, Trans., Vol. I., pp. 311, 319, 321, that during the second quarter of 1903, the price of Grade "A" on the Chicago market was $19.00-$20.00; that during the fourth quarter of 1905, the price of Grade "A" on the Chicago market had risen to $28.00-$34.00, an increase of 58.9 per cent.

It is shown by said Exhibit No. 4, that during the second quarter of 1903, the price of Grade "B" on the Chicago market was $17.50-$18.50; that during the fourth quarter of 1905, the price of Grade "B" on the Chicago market had risen to $21.00-$26.00, an increase of 35.5 per cent.

It is shown by said Exhibit No. 4, that during the second quarter of 1903, the price of Grade "C" on the Chicago market was $19.50-$21.00; that during the fourth quarter of 1905, the price of Grade "C" on the Chicago market had risen to $23.00-$24.50, an increase of 17.2 per cent.

The average increase on Grades "A," "B" and "C" during the fourth quarter of 1905 over the second quarter of 1903 was 35.5 per cent.

The prices of Grades "A," "B" and "C" in Chicago dur-

ing the third quarter of 1905 were the same as the prices of said grades during the fourth quarter of 1905; and the average price of all three grades during said quarter was $24.00-$28.00.

Mr. Compton's Exhibit No. 4 shows the Chicago prices of yellow pine lumber from January 1, 1891, to December 31, 1905, and said average price of $24.00-$28.00 during the third and fourth quarters of 1905 is materially higher than the price of any one of the particular grades at any time during said entire period of fifteen years.

Mr. Green's Exhibit No. 2 shows that the average advance in price of yellow pine lumber at points which take a rate of 23 cents per hundred pounds has been since February, 1904, on 22 different grades $6.08 per thousand feet, or 32 per cent.

Green, Exhibit No. 2, Trans., Vol. I, pp. 324, 325.

Mr. Green files as exhibit No. 4 a statement which contains a comparison of prices of yellow pine lumber at points on and north of the Ohio River in February, 1898, with a freight rate of 22 cents, with the prices prevailing in February 1906, with a freight rate of 23 cents; the purpose of said comparison being to show that although the difference in freight rate represents not exceeding 45 cents per thousand feet of lumber, the difference in prices far exceeds said figure.

Said statement shows increases in the prices of various grades of yellow pine lumber ranging from $5.25 per thousand feet to $22 per thousand feet.

Green, Exhibit No. 4, Trans., Vol. I, pp. 329, 252.

See also Compton's Exhibits Nos. 1 and 2, showing increase in prices of various grades of lumber in the Montgomery, Ala., market and in the Nashville, Tenn., market; also Green's Ex. No. 6 showing the increase in prices of various grades of lumber in the Atlanta, Ga., market.

Compton, Exhibits Nos. 1 and 2, Trans., Vol. I, pp. 287-308.

Green, Exhibit No. 6, Trans., Vol. I, p. 332.

XLVIII.

There Has Been a Marked Increase in the Price of Lumber Purchased by Railroad Companies for Their Own Use Since the Testimony Before the Commission Was Concluded.

Mr. Green thus sets forth the conditions as regards the Southern Railway:

"The prices for yellow pine lumber used by the Southern Railway are substantially higher now than in February, 1904; indeed, they are higher now than ever heretofore. The average cost of pine lumber purchased by the Southern Railway for the six months, July to December inclusive, 1904, was $12.83 per thousand feet. For the corresponding period of 1905, the average cost was $16,52 per thousand feet, an increase of $3.69 per thousand feet, or 28.8 per cent. The total cost to the Southern Railway of yellow pine lumber purchased during the last half of 1905 was $290,179.83. The same lumber purchased at the average price paid during the same period in 1904 would have cost $225,290.44, an increase in the expense of operation to the Southern Railway in the item of pine lumber

alone of $64,889.39 for six months, or $129,778.78 per annum. The average price paid by the Southern Railway for yellow pine lumber for the six months, July to December inclusive, 1904, was $12.83 per thousand feet. The average price paid during December, 1905, was $18.06 per thousand feet. The prices paid now are not less than in December, 1905. Therefore the present price represents an increase of not less than $5.23 per thousand feeet, or 40.8 per cent as compared with the last half of 1904. The future purchases by the Southern Railway of yellow pine lumber will not be in less proportions than heretofore. The purchases for the six months ending with December, 1905, amounted to 17,559,660 feet, which, at an increase of $5.23 per thousand feet, based on present prices, would cost $128,370.22 more than at the average cost per thousand feet which was paid during the last half of 1904; in other words, on the basis of present prices, the operating expense of the Southern Railway, in the item of yellow pine lumber alone, is increased $256,740.44 per annum by the increase in the price of yellow pine which it now has to pay as compared with the average price paid in the last half of 1904. These figures, however, do not fully represent the enormous increases that have taken place in the prices of yellow pine lumber during recent years. The average price paid by the Southern Railway for yellow pine lumber in the calendar year:

1898.....was $ 9.70 per thousand feet
1899.....was 10.43 per thousand feet
1900.....was 11.71 per thousand feet
1901.....was 12.13 per thousand feet
1902.....was 13.64 per thousand feet

"The average price in December, 1905, was $18.06 per thousand feet. It is not less at this time. This represents

an increase over the average price paid in 1898 of $8.36 per thousand feet, or 86.2 per cent. And this increase applied to the purchases during the last half of 1905 would have represented an increased cost to the Southern Railway for its yellow pine lumber of $147,798.75, or $295,597.50 per annum, which is not an exaggerated statement of the present and future increased cost of operation to the Southern Railway for its pine lumber alone."

Green, Trans., Vol. I, pp. 250, 251, 252.

Mr. Compton filed as Exhibit No. 5 to his deposition a statement showing the price of yellow pine lumber, intermediate and large sills, purchased by the Louisville & Nashville Railroad Company during the years 1900, 1901, 1902, 1903, 1904 and 1905.

The price of intermediate sills had risen from $13 in January, 1900, to $17 in December, 1905.

The price of large sills had risen from $14 in January, 1900, to $22 in December, 1905.

Compton, Exhibit No. 5, Trans., Vol. I, p. 322.

The Louisville & Nashville Railroad purchased of these grades about 4,000,000 feet per annum.

Compton, Trans., Vol. I, p. 171.

Since February, 1904, the L. & N. R. R. Co. has built and bought material for 8,000 freight cars at an increased cost of not less than $400,000 over what such material would have cost in February, 1904.

Compton, Trans., Vol. I, p. 172.

The prices of lumber purchased by the L. & N. R. R. Co.

in 1905 exceeded the prices paid for similar grades purchased by said company in 1903 by about 10 per cent.

Compton, Trans., Vol. I, p. 173.

Since 1903 there has been an increase in cost to the Illinois Central Railroad for lumber purchased by it of 15 per cent.

Bowes, Trans., Vol. I, p. 131.

Notwithstanding the great increase in the price of lumber the construction of cars continues.

Mr. Miller testifies that since February, 1904, the Mobile & Ohio Railroad Company has purchased of various kinds of freight cars 2,850; that it has built at its own shops 50 gondolas; and that it has placed orders for 1,200 cars consisting of box cars, furniture cars and gondola cars, which have not yet been delivered. Total 4,100 cars.

Miller, Trans., Vol. I, p. 155.

Mr. Bowes testifies that the Illinois Central since 1903 has constructed or purchased 3,815 cars in 1904, and 2,519 cars in 1905.

Bowes, Trans., Vol. I, p. 150.

The average increase in prices paid for lumber purchased by the N. O. & N. E. R. R. in February, 1906, over the prices of February, 1904, was $5.78 per thousand feet; percentage of increase 50.6 per cent.

Exhibit A A, Steele, Trans., Vol. I, p. 378.

XLIX.

In Addition to the Increase in Cost of Lumber There Has, Since 1903, Been a Marked Increase in Cost of Operating Railroads in Other Respects.

Since 1903 there has been an increase in the prices of material purchased by the I. C. R. R. Co. as follows:

Coal.....10 per cent increase
Locomotives..... 3 per cent increase
Box cars.....14 per cent increase
Coal cars.....27 per cent increase
Flat cars.....25 per cent increase
Bowes, Trans., Vol. I, p. 131.

On the I. C. R. R. there has also been an increase in the wages of employes, such as engineers, firemen, brakemen, switchmen, trackmen and others of approximately $1,200,000 per annum, or about 8 per cent.
Bowes, Trans., Vol. I, p. 131.

The increase in expenses of the I. C. R. R. on account of increase in cost of material, equipment and wages, has been approximately 10 per cent.
Bowes, Trans., Vol. I, pp. 131, 132.

There has been a radical advance in the price of material used in maintaining and operating railroads, probably 40 per cent, which would be represented by a corresponding increase in the cost of operation of about 10 per cent.
Miller, Trans., Vol. I, p. 165.

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IN THE

Supreme Court of the United States.

OCTOBER TERM, 1906.

THE ILLINOIS CENTRAL RAILWAY ET AL.,
APPELLANTS,

v.

THE INTERSTATE COMMERCE COMMISSION,
APPELLEE.

No. 588.

Appeal from the Circuit Court of the United States for the Eastern District of Louisiana.

THE SOUTHERN RAILWAY COMPANY ET AL.,
APPELLANTS.

v.

H. H. TIFT ET AL.,
APPELLEES.

Appeal from the United States Circuit Court of Appeals for the Fifth Circuit.

No. 601.

SUPPLEMENTAL BRIEF FOR APPELLANTS.

ED. BAXTER,
Of Counsel for Appellants.

PRESS OF GIBSON BROTHERS.
WASHINGTON, D. C.
1907

In the Supreme Court of the United States.

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Appeal from the United States Circuit Court of Appeals for the Fifth Circuit.

No. 601.

SUPPLEMENTAL BRIEF OF ED. BAXTER, OF COUNSEL FOR APPELLANTS.

FIRST.

Propositions of Law Involved in these Cases.

Though the first section of the Act to Regulate Commerce provides that all rates shall be reasonable and just (24 U. S. Stat. at Large 279), the Act nowhere defines the meaning of the word "reasonable;" nor does it give any directions as to how either the carriers, or the Commission, or the Courts can ascertain what is a reasonable rate upon a particular commodity.

In Smyth *v.* Ames, 169 U. S. 466, there was involved an entire system of rates, applicable to all traffic on the roads in the State of Nebraska, and this Court in that case laid down certain principles or rules for determining the reasonableness of an entire system of rates applicable to all of the traffic of a railroad in a particular State, viewed from the standpoint of the carrier; but no set of principles or rules has, as yet, been promulgated by this Court to determine the reasonableness of a railroad rate upon a particular commodity, viewed as well from the standpoint of the shipper, as of the carrier.

In the Report and Opinion of the Commission in the above-mentioned case of Illinois Central Railroad Co. *et al.*, *v.* Interstate Commerce Commission, No. 588 (which was known before the Commission as the case of Central Yellow Pine Association *v.* Illinois Central Railroad Company *et al.*), the Commission said:

"While the Supreme Court has undertaken to point out 'certain elements' to be considered in determining the reasonableness of an entire system of rates, it

has not named any as shedding light upon the reasonableness of a rate on a single commodity like lumber."
10 I. C. Rep., p. 539.

It is entirely safe to say that there are not less than 7,000 articles enumerated in the Official Classification, the rates upon which are shown either in the numbered classes or in special commodity tariffs, and, as conceded by the Commission, this Court has not, as yet, undertaken to point out the principles or rules which are to be considered in determining the reasonableness of the rates charged on any of said classified articles or special commodities.

I respectfully submit that the Act to Regulate Commerce necessarily confers the jurisdiction and imposes the duty upon this Court to formulate from time to time such rules or principles as will enable the carriers, the Commission, and the Courts, to determine the reasonableness of a rate charged upon any of said classified articles or special commodities.

In other words, the jurisdiction and the duty have been conferred and imposed upon this Court to do for the law of transportation what Lord Mansfield did for the law merchant.

The law merchant does not rest essentially for its character and authority on the positive institutions and local customs of any particular country, but consists of certain principles of equity and usages of trade, which general convenience and a common sense of justice had established to regulate the dealings of merchants and mariners in all of the commercial countries of the civilized world.

3 Kent Com. p. (2) 13th Ed.

Before the time of Lord Mansfield, we find that in

courts of law all of the evidence in mercantile cases was thrown together; they were left generally to a jury; and they produced no general principle.

From that time, the great study was to find some certain general principles, which should be known to all mankind, not only to rule the particular case then under consideration, but to serve as a guide for the future.

Lord Mansfield succeeded in establishing such general principles, and for that reason was said to be the founder of the commercial law of England.

Campbell's Lives of the Chief Justices, Cockroft's Ed., Vol. 4, p. 115.

Under the practice before the Interstate Commerce Commission, as was the original practice before juries under the mercantile law, the evidence is all thrown together, and is left generally to the Commission; and the great difficulty has been to find some general principles or rules which shall be known to all mankind, not only to control a particular case which may be under consideration by the Commission or the Court, but to serve as guides in all future cases.

The great work of Lord Mansfield consisted in a codification by him of certain principles of equity, and usages of trade, which general convenience and a common sense of justice had established to regulate the dealings of merchants and mariners in all of the commercial countries of the civilized world; and I respectfully submit that the duty is imposed upon this Court, by the Act to Regulate Commerce, to codify certain principles of equity, and usages of transportation, which the general interest of the public, and of the carriers, and a common sense of justice have established to determine the reasonableness of rates charged for the transportation of a particular commodity.

In the case of T. & P. Ry. Co. *v.* I. C. C., 162 U. S., p. 219, this Court said:

"Whatever would be regarded by common carriers apart from the operation of the statute (*i. e.*, act to regulate commerce) as matters which warranted differences in charge, ought to be considered in forming a judgment whether such differences were or were not unjust."

And I submit that it is equally true that whatever would be regarded by common carriers, and the shipping public, apart from the operation of the statute, as matters which should control in determining the reasonableness of a rate charged upon a particular commodity, ought, as a matter of law, to be considered by the Commission, and the Courts, in forming a judgment as to whether a particular rate upon a particular commodity is or is not unreasonable.

That I am right in my contention that there are certain principles of equity and usages of transportation, which the general interest of the public and of the carriers and a common sense of justice have established to determine the reasonableness of rates charged for the transportation of a particular commodity, is proven by the fact that every one of the counsel for appellees in his argument in these cases, insisted upon certain principles or rules of transportation law which he thought should be applied in these cases, and which he contended had been correctly applied by the Commission in arriving at the result which the Commission reached.

I have not the time in a supplemental brief to discuss the question as to whether the particular principles or rules contended for by said counsel are sound or unsound. It is sufficient for my present purpose to show that said counsel themselves concede that certain rules or principles of transportation law exist, and that they should control the determination of the reasonableness of a rate upon a

particular commodity. Where I differ from counsel is in my contention that this Court has the jurisdiction, and that it is its duty to ascertain and codify in the different cases as they arise from time to time the correct rules and principles which should govern in the decision of this class of cases.

I respectfully submit that the following principles or rules of the law of transportation are sound; that they were involved in the determination of these cases; that they were manifestly ignored by a majority of the Commission in the decision of these cases; and that if they had been applied by the majority of the Commission, the result would necessarily have been different.

I.

Where a rate upon a particular commodity is duly published and filed by a carrier with the Interstate Commerce Commission, the presumption is that it is reasonably low, and the burden is upon the party who insists that it is unreasonably high.

II.

Where a rate from a particular district, to certain territory, upon a particular commodity, such as lumber, is made in competition with other carriers from the same district, and from other districts, carrying the same commodity, to the same territory, the presumption is that such rate is reasonably low, and the burden of proof is upon the party who insists that it is unreasonably high.

III.

Where a rate from a particular district to a certain territory upon a particular commodity, such as lumber, is

as low as, or lower than, the majority of rates charged by other carriers for the transportation of the same grade of lumber, for similar distances in the same and other sections of the country, the presumption is that such rate is reasonably low, and the burden is upon the party who insists that it is unreasonably high.

IV.

Where a carrier has the strongest possible motive to develop and increase the traffic over its line in a particular commodity, and has for a long series of years maintained such rates on said commodity as have induced a large and continuous increase along its line of the number of lumber manufactories, and of the capital invested in the lumber business, the presumption is that the rate charged by such carrier for the transportation of said lumber is reasonably low; and the burden is upon the party who insists that it is unreasonably high.

V.

Where a carrier has for a long period of time so adjusted its rates upon a particular commodity, such as lumber, as to enable it to move with profit to the shipper, whatever the conditions of the market may be, reducing the rates as the market declines, and only increasing them as the market improves, a particular increase is reasonable, if it be shown that the percentage of increase has been greater in the price of lumber than in the rates on lumber.

VI.

Where a carrier's rates upon a particular commodity, such as lumber, have been reduced to meet a market depression, and such reduced rates have been kept in effect

only during the period in which said market depression continued, an increase of said rates made by the carrier after such market depression ceases, and which increase does not cause the increased rates to exceed the rates that were maintained by the carrier prior to said depression, such increase will be presumed to be reasonable, and the burden is upon the party who insists that it is unreasonably high.

VII.

Where the expenditures of a carrier have been necessarily largely increased to meet an abnormal increase in the volume of traffic tendered to it for transportation, and the carrier increases its rates upon lumber and other commodities impartially and without discrimination between them, the presumption is that such increase is reasonable, provided the gross earnings of the carrier yield less than the normal proportion of net earnings; and the burden is upon the party who insists that such increase is unreasonably high.

VIII.

Where the expenditures of a carrier have been necessarily largely increased to meet an abnormal increase in the volume of traffic tendered to it for transportation, and the carrier increases its rates upon lumber and other commodities impartially and without discrimination between them, the presumption is that such increase is reasonable, provided the percentage of increase has been greater in the operating expenses of such carrier than in the rates upon lumber; and the burden is upon the party complaining, to show that such increase in the rates upon lumber is unreasonably high.

IX.

It is legal and proper for a railroad carrier to charge to ordinary expense account, and against earnings, every item of expense and every part and portion of every item which goes to make the road or any of its apppurtenances or equipments better than they were before, where the cost of such items has been taken from the earnings, and has not been raised upon bonds or issues of stock.

X.

Where a carrier has been compelled by reason of an abnormal increase of traffic tendered to it for transportation to double-track portions of its road, build new sidetracks and stations, increase the strength of its bridges, reduce its grades, straighten its curves, increase the weight of its rails, and to make many other improvements and betterments of a permanent character, in order to meet the demand of the public for increased facilities of transportation, the fact that such carrier has been compelled to make such permanent improvements and betterments in order to meet the demands of the public for increased facilities of transportation should be taken into consideration in determining the reasonableness of an increase made by the carrier in its rates upon lumber and other commodities; and this is so, whether such expenditures, as a matter of book-keeping, should be charged to capital account or to the account of operating expenses of the carrier; and without regard to the fact whether such expenditures have been paid out of the carrier's earnings, or have been provided for by the issuance of bonds and stocks.

XI.

A rate on lumber or any other commodity is profitable,

if it exceeds the cost of movement of that particular traffic; and yet, it may be unreasonably low, if it does not contribute its fair share of operating expenses, taxes and fixed charges.

In my original argument, I have endeavored to show that the foregoing rules or principles of transportation law are sound, and that they should have been applied by the Commission in the determination of the reasonableness of the rates in controversy; and I shall not repeat any of those arguments here. I refer to them now, only for the purpose of illustrating my present contention that there are certain rules or principles of the law of transportation which should be ascertained by this Court from time to time, and codified for guidance not only in these, but in subsequent cases; and if the rules or principles above submitted by me are in any respect incorrect, the Court can substitute for them such other rules or principles as in its opinion are correct; and such substituted rules or principles will serve as guides in the future.

Such rules and principles of transportation as are sound, and should obtain in the determination of the reasonableness of the rates upon particular commodities, are not in any sense matters of fact. They are in every sense as much matters of transportation law, as are the rules and principles codified by Lord Mansfield as constituting the law merchant of England.

In asking this Court to ascertain and determine the rules or principles which should be considered in determining the reasonableness of rates, I am not asking it to assume a jurisdiction altogether novel. As stated above, this Court has already exercised the jurisdiction to ascertain and declare certain rules or principles which should be considered in the determination of the reasonableness of an entire system of rates.

In the case of Interstate Commerce Commission *v.* B & O. R. Co., 145 U. S., 284, this Court declared as a principle or rule of transportation law that "any fact which produces an inequality of condition and a change of circumstances justifies an inequality of charge."

In the case of T. & P. Ry. Co. *v.* I. C. C., 162 U. S. 198, this Court declared as a rule or principle of transportation law that "the legitimate interests as well of the carrying companies, as of the traders, and shippers, and consignees, should be considered and that among the circumstances and conditions affecting the transportation of traffic, the existence of effective competition should be considered."

The case last cited has been followed by this Court in the case of I. C. C. *v.* Alabama Midland Ry. Co., 168 U. S., p. 144; in L. & N. R. R. Co. *v.* Behlmer, 175 U. S., p. 648; in E. T. V. & G. Ry. Co. *v.* I. C. C., 181 U. S., p. 1; I. C. C. *v.* L. & N. R. R. Co., 190 U. S., p. 273.

Those cases are referred to merely as showing that this Court has already assumed jurisdiction to ascertain and declare from time to time, as different cases have arisen before it, certain rules and principles of the law of transportation, and that I am not asking the Court to assume a new jurisdiction in this case.

If this Court shall decline the task of determining the various rules and principles of transportation law as they arise, in the cases that may be brought before it, there will be no settled principles of law for the guidance either of the Commission or of the courts; and if the Courts take the position that they will not review any order made by the Commission, it will necessarily follow that the action of the Commission in all cases (the result of which does not amount to absolute confiscation of railroad property) will be left practically to the arbitrary discretion of the Interstate Commerce Commission.

This Court decided in the case of I. C. C. *v.* C. N. O. & T. P. Ry., 167 U. S., pp. 479, 499, that the Act to Regulate Commerce, which was in force when the proceedings in this case were had, did not confer upon the Interstate Commerce Commission the power to make rates for the future; and that the Commission in passing upon the question as to the reasonableness of an existing rate, acts in a quasi-judicial capacity.

If the Court declines to review the opinion of the Commission sitting as a quasi-judicial tribunal in determining the reasonableness of a rate, it will result that the entire interstate revenues of the carriers of this country will, for all practical purposes, be placed under the absolute control of the Interstate Commerce Commission without any substantial relief by appeal or otherwise, and the interstate railroad companies will be the only class of persons in this country who will not be able to obtain the opinion of the courts upon questions of law, which vitally affect their interests.

In the case last cited, the Court said:

"Billions of dollars are invested in railroad properties; millions of passengers as well as millions of tons of freight are moved each year by the railroad companies, and this transportation is carried on by a multitude of corporations working in different parts of the country, and subjected to varying and diverse conditions."
167 U. S. 494, I. C. C. *v.* C. N. O. & T. P. Ry.

It is impossible for the judicial mind to conceive that the vast interests involved in the operation of American railroads are to have no protection from the courts; and that the action of a mere tribunal of first instance is, for all practical purposes, to be absolutely conclusive notwithstanding it may be in direct violation of the well-settled rules or principles of the law of transportation.

SECOND.

The 14th Section of the Act to Regulate Commerce, as it stood when these proceedings were had, required the Commission to report its findings of fact with its conclusions thereon.

That provision evidently meant that the Commission should find all of the material facts in controversy between the parties and not merely such facts as, in its opinion, might serve to sustain the conclusions, at which the Commission may have arrived.

It is true, the reports and opinions in these cases do contain a "finding of facts;" but it is a finding of only such facts as the Commission supposed would support the conclusion at which it arrived; and it does not pretend to be a complete finding of all the material facts in controversy between the parties.

If the practice contemplated by the act had been pursued as it should have been, its conclusions of law would be plainly separated from its findings of fact, and the correctness of said conclusions of law could readily be reviewed by the courts without going into the matters of pure fact at all. The Commission, however, instead of finding all of the material facts that are in issue between the parties, and then announcing separately its conclusions of law, writes its opinions much after the form adopted by the courts.

Its opinions so commingle matters of fact with matters of law, that it is only by a process of very difficult analysis that a court can determine how much of the report and and opinion of the Commission is matter of fact, and how much is matter of law.

The practice in which the Commission has persisted was justly condemned by Judge Clark at Circuit in the case of I. C. C. *v.* L. & N. R. R. Co., 73 Fed. Rep. 414, 415.

I do not insist that this Court shall read the voluminous testimony contained in these records, but I do most respectfully ask it to lay down the rules or principles of transportation law which are fairly involved in the just determination of these cases, and to remand them to the Commission to be re-examined upon the testimony in conformity with the principles of transportation law to be announced by this Court.

In the case of E. T. V. & G. Ry. *v.* I. C. C., 181 U. S. p. 27, and also in the case of L. & N. R. R. Co. *v.* Behlmer, 175 U. S. 648, this Court said that it would not assume to exert its *original* judgment on the facts where by the statute it was entitled to approach the facts with the aid which must necessarily be afforded by the previous enlightened judgment of the Commission upon such subjects; and those cases were, in effect, remanded to the Commission with directions to re-examine them in conformity with the principles of law, announced by the Court in those cases; and that is precisely what I ask the court to do in these cases.

THIRD.

I do not understand that this Court has ever held that it will not in any case review the action of the Commission even where such action has been approved by the courts below.

In the case of T. & P. Ry. *v.* I. C. C., 162 U. S., p. 235, this Court said:

"If the inquiry had been conducted (by the Commission) on *a proper basis*, we should *not have felt inclined* to review the conclusions so reached."

In these cases, I insist that the inquiry was not conducted by the Commission on a proper basis; because it ignored the principles or rules of transportation law to which I have referred above.

In the case of C. N. O. & T. P. Ry. *v.* I. C. C., 162 U. S., p. 194, this Court said:

"Where conclusions (of the Commission) have been accepted and approved by the Circuit Court of Appeals, *and we find nothing in the record to make it our duty to draw a different conclusion*, we will not reverse," etc.

I insist in these cases that as the Commission ignored the principles or rules of transportation law above referred to, as shown by the results which it reached in these cases, it is the duty of this Court to draw a different conclusion from that arrived at by the Commission, and remand the cases to the Commission to re-examine the testimony in conformity to such principles or rules of transportation law, as the Court may think applicable to these cases.

FOURTH.

In the above case No. 588, the question involved was as to the reasonableness of the rate on lumber from the Mississippi District to the Ohio River, and in the above case No. 601, the question involved was as to the reasonableness of the rate on lumber from the Georgia District to the Ohio River.

The average distance from lumber shipping points in the Mississippi District to Cairo is 412 miles, and the average distance from lumber shipping points in the Georgia District to Cairo is 739 miles.

10 I. C. Rep., p. 561, Tift *v.* Southern Ry. Co. *et al.*

Under the orders made by the Commission in said cases, the railroads leading from the Mississippi District to Cairo may charge as much for a distance of only 412 miles (viz., 14 cents per one hundred pounds), as the railroads leading from the Georgia district charge for a distance of 739 miles.

It is a fundamental principle of the law of transportation that, in the absence of competition, rates should increase as the distance increases, and the Commission is guilty of a glaring inconsistency in declaring that a rate which is reasonable for 412 miles is a reasonable rate for a distance of 739 miles.

190 U. S., p. 284, I. C. C. *v.* L. & N. R. R. Co.
181 U. S., p. 23, E. T. V. & G. Ry. *v.* I. C. C.

It is true that the railroads leading from Georgia have since May 17, 1894, accepted as low a rate for a haul of 739 miles to Cairo as the Mississippi railroads have accepted for a haul of only 412 miles to Cairo; but the reason why the Georgia railroads have accepted so low a rate, is not because they have thought such rate reasonable in and of itself, but because competition with the Mississippi lines has forced them either to accept that rate or abandon the traffic altogether.

And the fact that the roads from Georgia have continued to accept down to the present moment as low rates for the longer distance as received by the Mississippi lines for the shorter distance conclusively proves that competition between the Georgia railroads on the one hand, and the Mississippi railroads on the other hand, has not been eliminated by illegal agreements in restraint of trade, and conclusively disproves the finding of the Commission that all competition between these lines has been eliminated.

FIFTH.

In the above case of the Southern Railway Co. *et al.*, appellants, *v.* H. H. Tift, *et al.*, No. 601, I understood counsel for appellees to state, in oral argument, that after the appellees had obtained an order from the Interstate Commerce Commission, they filed a petition in the Cir-

cuit Court which reviewed the successive steps which had been taken in the case before the Court and the Commission, and prayed the Court to grant the relief prayed in the original bill, and I understood them to say that appellants, instead of demurring to said petition, filed an answer thereto. It is true that the appellants did file an answer to said petition, but it was expressly stated in said answer that it was filed, *not waiving the benefit of the demurrer theretofore filed to the original bill* and overruled by the court.

See Transcript in No. 601, Part III, p. 1066.

I have stated on pages 1 to 31 of my original argument, in that case, a correct history of the proceedings in the Circuit Court; and on pages 43 to 56 of said argument I have shown why our demurrer to the original bill should have been sustained.

The chief ground of our demurrer to that bill was that complainants had no existing cause of action when it was filed; and my contention was that the fact that after said bill was filed complainants applied to the Interstate Commerce Commission and obtained an order, could not support the jurisdiction of the court.

It is a well-settled general rule that facts which constitute the ground of a suit must exist at the time the suit is instituted; and if a material defect exists therein at that time, it cannot be supplied by matters which have taken place since the institution of the suit.

2 George (Miss.) 454, Brown *v.* Bank.

1 Paige (Ch. Rep.) p. 158, Campbell *v.* Pettitt.

4 Johns Ch. R. 682, Williams *v.* Brown.

Respectfully submitted,

ED. BAXTER,

Of Counsel for Appellants.

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ABBREVIATIONS.

R.=Transcript of record.
Com. Rep.=Commission's report.
I. C. C.=Interstate Commerce Commission.
I. C. C. R.=Interstate Commerce Commission Reports.

IN THE SUPREME COURT OF THE UNITED STATES,
OCTOBER TERM, 1906.

The Illinois Central Railroad Company et al., Appellants, v. The Interstate Commerce Commission, Appellee.	No. 588.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF LOUISIANA.

ARGUMENT FOR APPELLEE.

I.

STATEMENT OF CASE.

The order sought to be enforced in this case was the result of an investigation by the Commission of a complaint made to it under section 13 of the act to regulate commerce which provides that complaints may be made to the Commission by "any person, firm, corporation, or association, or any mercantile, agricultural, or manufacturing society, or any body politic or municipal organization" on the ground "of anything done or omitted to be done by any common carrier subject to the provisions of the act in contravention of the provisions thereof."

The complaint to the Commission was made by the "Central Yellow Pine Association," an incorporated association composed of "persons, firms, and corporations," engaged in the business of manufacturing yellow pine lumber in the States of Mississippi, Alabama, and that part of Louisiana east of the Mississippi River.

The defendants are common carriers by rail engaged in interstate commerce and in particular in the transportation of yellow pine lumber from the mills and lumber plants of the members of the Central Yellow Pine Association in said territory to, for the most part, the territory known as "Central Freight Association Territory," which lies on and north of the Ohio River and on and between the Mississippi River on the west and a line running through Buffalo and Pittsburg on the east, and the members of the Central Yellow Pine Association are dependent upon the defendants for the transportation of their lumber to the markets of the country.

harges in complaint of Central Yellow Pine Association.

The complaint to the Commission of the Central Yellow Pine Association charged in substance that the defendants, on the one hand, and, on the other hand, the several railway companies carrying yellow pine lumber into the same markets in Central Freight Association territory from the territory west of the Mississippi River, embracing the States of Texas, Arkansas, and that part of Louisiana west of the river, by agreement or concert of action advanced the rate on yellow pine lumber from the territories both east and west of the Mississippi River to points

on and beyond the Ohio River in said Central Freight Association territory, 2 cents per hundred pounds, making said advance applicable south of the Ohio River and effective on and from April 15, 1903, except as to the Louisville & Nashville road, as to which it became effective June 22, 1903; and that said increase on yellow pine lumber was "*unjust, unreasonable,* and discriminatory, in violation of the provisions of the act to regulate commerce."

The allegation that the advance was "unjust and unreasonable" is a charge of a violation of section 1 of the act to regulate commerce which requires that all rate charges shall be "*reasonable and just,*" and forbids every "*unjust and unreasonable*" charge for the transportation of property or any service in connection therewith.

There are a number of other charges in the complaint of the Central Yellow Pine Association, but this is the main charge—the charge which the Commission sustained and upon which its order is based.

The order of the Commission.

The Commission having, after due investigation, sustained the charge that the advanced rate was *unjust* and *unreasonable,* issued the order sought to be enforced which simply required the defendants "to cease and desist on or before the first day of April, 1905, from further maintaining or enforcing the unlawful advance of 2 cents per hundred pounds, or the said unlawful rates resulting therefrom, for the transportation of lumber from shipping points on defendants' respective lines in the State of Louisiana east of the Mississippi River and in the States of Mississippi

and Alabama to Cincinnati, Louisville, Evansville, Cairo, and other points on the Ohio River commonly called and known as Ohio River points."

This order is in strict pursuance of the language o section 15 of the act which provides that, "if the Commission, after the investigation of a complaint before it, shall find that a carrier has been guilty of a violation of the act, it shall issue a notice to said carrier to cease and desist from such violation." Orders of this character, requiring carriers to cease and desist from enforcing rates found to be unlawful, have been sustained by the courts in a number of cases.

I. C. C. v. *Chic., Bur. & Quincy R. Co.* (94 Fed. Rep., 273);
I. C. C. v. *L. & N. R. R. Co.* (118 Fed. Rep., 616).

The defendants having refused to obey the order, the Commission instituted the present proceeding for its enforcement, under section 16 of the act in the Circuit Court of the United States for the Eastern District of Louisiana. That court rendered a decree for the enforcement of the order (R., 513), and the case is now in this court on appeal by the defendants from that decree.

II.

BURDEN ON DEFENDANTS.

The question is whether the advance of 2 cents per hundred pounds in the lumber rate, the maintenance of which is forbidden by the order of the Commission, was unjustifiable and resulted in unreasonable rates, as found by the Commission.

The rates to the Ohio River crossings—Evansville, Louisville, and Cincinnati—are based on Cairo. From May 1, 1894, to September 9, 1899, a period of five years and four months, the Cairo rate was 13 cents. On September 9, 1899, the Cairo rate was advanced to 14 cents and remained 14 cents from that date to April 15, 1903, a period of about four years, when the 2 cents advance complained of in this case was made and the Cairo rate was raised to 16 cents. The advanced rate, 16 cents, is, therefore, 3 cents higher than the rate in force from May, 1894, to September, 1899, five years and four months, and 2 cents higher than the rate in force from September, 1899, to April, 1903, about four years.

When carriers advance a rate which has been for some time in force the burden is upon them to show sufficient grounds for such advance.

Am. & Eng. Enc. of Law, Vol. XVII, 133;
Holmes v. *So. Ry. Co.* (8 I. C. C. R., 568).

III.

PROSPERITY OF CENTRAL YELLOW PINE ASSOCIATION.

The grounds or excuses set up by the defendants for the advance in the lumber rate are, we contend, wholly insufficient.

We will first notice the claim that the advance was justifiable because the yellow-pine industry was exceptionally prosperous and resulted in great profits to those engaged therein.

It is manifest, and the Commission so finds, that the test of the reasonableness of a rate is not the amount

of profit in the business of the shipper, but whether the rate yields a reasonable compensation for the service rendered. In *Smythe* v. *Ames* (169 U. S., 466) this court holds that "the public is entitled to demand that no more be exacted from it for the use of a public highway than the services rendered are reasonably worth."

If the prosperity of the shipper is to have a controlling influence, a higher rate would be justified on the traffic of a prosperous shipper than on that of one less prosperous *and there could be no uniformity of rates.*

If the carrier has the right to advance the rate when the shipper's business grows more prosperous, then it follows that the carrier should reduce the rate when that business grows less prosperous.

If the carrier has the right to advance the rate when the business of the shipper grows more prosperous, then the shipper, it would seem, has the right to demand that the carrier should reduce the rate *when the business of the carrier increases in prosperity.* The shipper has as much right to share in the prosperity of the carrier as the carrier has to share in the prosperity of the shipper.

The proof shows that the business of the defendants has phenomenally increased, both before and since the advance in the lumber rate.

Tift v. *Southern Railway Company et al.* (138 Fed. Rep., 754).

The case of *Tift* v. *Southern Railway Company et al.* is closely analogous to, if not identical with, the case at bar. The Tift case involves an advance in the lumber rate of 2 cents per hundred pounds (the same as in the present case, and made on the same day) from Georgia lumber shipping points to Cairo and the Ohio River crossings, and was made by *concert of action or agreement by the defendants in that case with the defendants in the case at bar.*

The same excuses were set up for the advance in the Tift case as in the present case, and among them the contention which we are now considering, that, the mill business being prosperous, the carriers have the right to participate in that prosperity by advancing the lumber rate. The Circuit Court for the Eastern District of Georgia, in overruling that plea, held that—

"Railroads have no legal right to graduate their charges in proportion to the prosperity which attends industries whose products they transport." (*Tift* v. *So. Ry. Co. et al.*, 138 Fed. Rep., 754.)

The contention that the advance in the lumber rate was justified because of the large profits in the lumber business is consistent with the idea, if it is not an admission, that the rate before the advance was in itself reasonably remunerative.

The increased prosperity of shippers along the line of a railway enlarges the business of those shippers, and, as a consequence, both the tonnage of traffic which they receive in their business and which they ship to their customers. In this way the carrier necessarily and justly participates in, or is benefited by, the prosperity of the shipper.

This appears to be the case with these defendants, as the tonnage of lumber shipped by complainant's members over defendants' lines and the revenue of defendants therefrom have constantly grown in amount.

(Com. Rep., R., 83.)

LUMBER BUSINESS TEMPORARY.

Another important fact to be considered in this connection is that, while the lumber business may have yielded large profits, it is temporary, and not permanent like that of the railway companies. After the lumber is all cut from the land, the lumber-mill equipment, such as mill buildings, machinery, etc., becomes practically worthless, and consequently lumber-mill men in their business must anticipate the time when a large part of their investment will become valueless.

When this loss or sinking of capital is taken into account, the net returns from the lumber business are not exceptionally large.

IV.

INCREASE OF OPERATING EXPENSES DUE LARGELY TO GROWTH OF BUSINESS.

In the next place, the defendants contend that the advance in the lumber rate was rendered necessary by increases in their operating expenses, resulting from higher wages paid their employees and higher prices of the material and equipment used by them.

The proof shows increases in wages and in prices of material and equipment and these increases have doubtless added materially to operating expenses, but the total annual increases in these expenses are due only in part to the advances in wages and prices of supplies and equipment.

They are attributable for the most part to the constant growth of the business of the roads. Not only has the lumber business of the roads greatly increased, but their business in general.

The great increase in the business of the defendants is shown by the increase in their gross earnings from operation reported by them to the Commission. For example:

The Illinois Central R. R. (lines south of Cairo), 1890, gross earnings from operation	$5,644,115
For 1903	16,193,850
Increase	10,549,735

The increase in operating expenses during those thirteen years from 1890 to 1903 was $6,072,931, being over $4,000,000 less than the increase in gross earnings.

L. & N. R. R. Co. (lines south of Ohio), 1890, gross earnings from operation	$11, 841, 865
For 1903	33, 334, 612
Increase	21, 492, 747

The increase in operating expenses was $15,570,341, about $6,000,000 less than the increase in gross earnings.

The figures showing these increases as to the other defendants are given by the Commission in its report and opinion. (Com. Rep., R. 73–74.)

V.

INCREASE IN NET EARNINGS.

The increase in the gross earnings of the defendants, it is thus seen, have far exceeded the increase in operating expenses, so that it appears there has been a constant increase in net earnings.

From 1890 to 1903 the net earnings of the Ill. Cent. R. R. increased from $2,092,805 to $5,569,609—an increase of $3,476,804.

The net earnings of the L. & N. road increased from $4,949,720 to $10,872,126—an increase of $5,922,406.

The increases in net earnings of the other defendants are given in the report of the Commission. (Com. Rep., R. 73–74.)

We contend that an increase in the operating expenses of the carriers does not justify an advance in the rates CHARGED THE PUBLIC so long as the net earnings of the carriers continue to increase from year to year.

VI.

PERCENTAGE OF OPERATING EXPENSES TO GROSS EARNINGS.

It is insisted in behalf of the defendants that the percentage of operating expenses of the defendants to their gross earnings has somewhat increased and that their net revenue has not increased in proportion to their gross earnings. This would seem to be inevitable. As said by the Circuit Court for the Eastern District of Georgia in the Tift case:

"It is true counsel for the railroads insist that their net revenue did not increase in proportion to their gross earnings, but, in the nature of things, this is not to be expected in any business. A manufacturing enterprise of extensive character may make 10 per cent by the product of its mill. It may double its capacity and double its output, but it will look in vain for a double increase in the net earnings." (138 Fed. Rep., 766.)

VII.

BETTERMENTS AND PERMANENT IMPROVEMENTS INCLUDED IN OPERATING EXPENSES.

Moreover, the total operating expenses of the roads as reported by them to the Commission, have been much enlarged by the inclusion therein of large expenditures for betterments and permanent improvements, such as expenditures for real estate, station grounds, right of way, tunnels, &c. (Com. Rep., R., top. p. 75, 76.)

On this point the Commission finds:

"It is to be noted, that these operating expenses embrace large annual expenditures for real estate, right of way, tunnels, bridges and other strictly permanent improvements and also for equipment, such as locomotives and cars. While payments for repairs, whether applied to permanent improvements or equipment, are properly chargeable to current annual operating expenses, this would not appear to be the case as to the improvements or equipment themselves—the former being permanent and the latter lasting for many years. The expenditures for permanent improvements and for equipment made in a single year may obviate the necessity for like expenditures or expenditures to the same extent for many years to come and the extraordinary amount of such expenditures made by the defendants in a few years preceding and including the year of the advance in rate indicates that they will not be required again for a long period of time. They should not, therefore, be taxed as part of the current or operating expenses of a single year, but should be, so far as practicable and so far as rates exacted from the public are concerned, 'projected proportionately over the future.' *If these large amounts are deducted from the annual operating expenses reported by the defendants, it will be found that the percentage of operating expenses to earnings has in some instances diminished and in others increased to no material extent.*"

VIII.

INCREASE IN OPERATING EXPENSES OF LUMBER MILL COMPANIES.

It is, furthermore, to be considered in this connection that the operating expenses of the lumber mill companies in the matter of wages and supplies

required in the manufacture of lumber have also grown. It is estimated that for the years 1902–3, the cost of the manufacture of lumber increased about 10 per cent. (Com. Rep., R., 84.)

IX.

RATE MADE BY AGREEMENT—COMPETITION STIFLED.

The defendants with, I believe, the exception of the Gulf & Ship Island Railroad Company, are members of an association styled the Southeastern Mississippi Valley Association.

Among other traffic, said in railway parlance to be "subject to this association," is that involved in this case, namely, yellow pine lumber shipped from the States of Mississippi, Alabama, and that part of Louisiana east of the Mississippi River to Central Freight Association territory.

Article III of this association provides that "all changes proposed by any member in its *rates*, rules and regulations, will be suggested to the association for *consideration* and discussion, provided, however, that nothing herein shall be construed as impairing the right of any member to change any of its rates, rules and regulations, according to law, whenever it deems it proper to do so."

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Under the first clause of this provision the association through its chairman corresponded and consulted with the defendants as to the advance in the lumber rate and the defendants themselves consulted with each other and considered the matter of making this advance. The letters of the officers of the association and of the traffic managers of the defendants on this subject are set forth in the record from page 688 to page 810, both inclusive. (R., 688–810.) It clearly appears from these letters and other testimony that as found by the Commission—

"The advance in the lumber rate was the outcome of a concert of action and a previous understanding between the railway companies. Through their authorized official representatives they conferred with each other repeatedly as to the making of an advance; recognized the fact that because of competition in common markets between the lumber-producing districts served by them the advance should be from all those districts or none, and finally they all promulgated the advance to take effect at exactly the same time and for exactly the same amount." (Com. Rep., R., 8663.)

It is claimed in behalf of the defendants that while this is so there was no binding agreement or contract between them to maintain the advanced rate. Bearing in mind that the object of the law in prohibiting agreements fixing rates is to give free play to competition, it is immaterial whether the action of the defendants amounted to a binding agreement or not, if that action resulted in stifling competition. As the Commission well says:

"Where rates are established by concert of action and previous understanding between the carriers, it is manifest, whether or not there be a binding agree-

ment to maintain such rates, the element of competition is eliminated. Concert of action is wholly inconsistent with competition, and during the time the rates fixed by concert of action are maintained the effect, so far as competition is concerned, is the same as if there was a binding agreement to maintain such rates." (Com. Rep., R., 86.)

Competition is favored by the laws because it conduces to the reasonableness of rates, or, in other words, to the protection of the public from unreasonably high or excessive rates. In the *Joint Traffic Association case*, 171 U. S., 569, 571, 577 (see also *U. S.* v. *Freight Association*, 166 U. S., 341), this court holds that the suppression of competition is violative of the so-called "antitrust act" in that such suppression restrains trade and commerce by "keeping rates and charges higher than they otherwise might be under the laws of competition;" and in *U. S.* v. *Freight Association* this court says "competition will itself bring charges down to what may be reasonable." (166 U. S., 339.)

This court further holds in the Joint Traffic Association case, "the natural and direct and immediate effect of competition is to lower rates." (171 U. S., 577.)

The following is quoted from the report and opinion of the Commission:

"The act to regulate commerce in prohibiting, in section 1, unreasonableness of rates in effect forbids whatever conduces to such unreasonableness. In any event it is incumbent upon this Commission, whenever the reasonableness of rates is in issue before it, to

consider how those rates were brought about—whether they are the product of untrammeled competition or the result of a concert of action or combination between the carriers establishing and maintaining them. The advanced rates complained of in this case can not be claimed to be the outcome of competition because, in the language of the Supreme Court, 'the natural, direct, and immediate *effect of competition is to lower rates.' The advanced lumber rates must be presumed to be higher than rates which unrestrained competition would produce.*" (Com. Rep., R., 87.)

COMPETITION NEVER ADVANCES RATES.

It will be observed that the Commission does not hold, as I understand is contended by counsel for the defendants, that the advanced lumber rate is unreasonable solely because it was made on previous understanding and by concert of action between the carriers, but it holds that *that fact is a circumstance to be considered by it in connection with all the other facts bearing upon the reasonableness and lawfulness of the advanced rate.*

X.

LOADING CAPACITY.

One of the principal elements or factors considered by carriers in fixing rates is loading capacity. They insist that an article of light loading capacity should, other things being equal, have a higher rate than an article of heavier loading capacity. For example, in the case known as the Hay case, involving the classification and rate on hay from the Middle West to the New York and New England markets, the

carriers contended that hay should receive a higher classification and rate than grain and grain products, because the loading capacity of the latter was so much greater than that of the former.

If this rule is applied to lumber it will give lumber a relatively low rate.

The facts and tables given in the report and opin ion of the Commission show that lumber will load cars to a greater average per cent of their capacity than most all the articles with which it is compared by the Commission. (Com. Rep., R., 80–81.)

XI.

TONNAGE OF LUMBER AND OTHER ARTICLES.

Another matter given great weight by the carriers is the amount or tonnage of an article to which the rate is to be applied. No rule is more universally recognized by carriers or more firmly grounded in reason than that, other things being equal, the greater the tonnage of an article hauled or, in other words, the greater the density of the traffic in that article, the lower should be the rate.

Because of the greater density of the traffic in Central Freight Association territory north of the Ohio than in Southern territory south of the Ohio, the rates in the former are on an average not half as high as in the latter.

The tonnage of lumber hauled by the defendants and other roads in the United States is very large in proportion to that of other commodities of general use and necessity. (Com. Rep., R., bot. p. 81, top p. 82.)

The Commission in its report gives a table from which it appears that the tonnage of lumber hauled by the defendants, as stated in the reports of the roads to the Commission, is greater than that of grain, live stock, iron, and steel, merchandise, cement, brick, and lime, and in fact, than that of all articles of general use named in the table, excepting only anthracite and bituminous coal. That table is given below:

Item.	Total freight tonnage, originating on road and received from connections.		
	1901.	1902.	1903.
	Tons.	*Tons.*	*Tons.*
Grain	66,252,712	52,257,455	60,484,068
Fruit and vegetables	14,508,551	14,501,968	17,033,868
Live stock	15,667,146	15,477,500	16,460,788
Packing-house products	10,965,039	10,596,670	10,520,098
Anthracite coal	97,472,509	83,720,175	68,350,635
Bituminous coal	223,965,320	255,792,615	289,173,392
Agricultural implements	2,067,739	2,445,955	2,400,600
Household goods and furniture	2,271,960	2,661,909	2,961,648
Cement, brick, and lime	23,637,929	28,815,418	33,351,274
Iron, pig, and bloom	22,798,053	28,520,310	32,017,786
Iron and steel rails	7,479,840	10,101,691	10,700,602
Merchandise	43,468,315	47,015,216	55,898,707
Lumber	78,729,180	88,653,853	97,846,984

(Com. Rep., R., top p. 82.)

XII.

TAP LINE ALLOWANCES.

The advanced rate charged by the roads from territory west of the Mississippi, namely, Texas, Arkansas, and that part of Louisiana west of that river, to

Cairo, is 16 cents per hundred pounds, the same as that charged from east of the Mississippi to Cairo.

The testimony shows and the Commission finds that the railways west of the Mississippi make certain allowances to the mill owners ranging from 1 and 2 cents up to 6 cents per hundred pounds, out of the Cairo rate, for the transportation of the logs to the mills over what are known as "logging roads" which reach out from the mills into the lumber forests.

The roads east of the Mississippi who are the defendants in the present case, with the exception of the Mobile & Ohio road, do not make this allowance out of the Cairo rate, although the mills east of the river have logging roads just as is the case west of the river. The Commission finds:

"There does not appear to be any reason for making these logging road allowances west of the Mississippi River which does not apply east of the river, and, if the rate west of the river is reasonable minus the allowances, this is persuasive or gives color to the proposition that after a similar reduction the rates east of the river will still be reasonably high. The Mobile & Ohio road by voluntarily making the allowances east of the river practically concedes this proposition as to itself." (Com. Rep., R., 90, 89.)

The making of this reduction out of the Cairo rate from points west of the river, while it is not made out of that rate from points east of the river, necessarily gives, as found by the Commission, an advantage to the mills west of the river, and this can and should be done away with to a certain extent at least by enforcing the order of the Commission forbidding the advanced lumber rate east of the Mississippi.

XIII.

ORIGINATING ROADS.

Excessive Proportions Allowed Those Roads Out of the Through Rates to the Ohio no Ground for Increasing the Rate Charged the Public.

The roads which continue the transportation of the lumber from the Ohio River crossings to points of destination in Central Freight Association territory or elsewhere, charge their full local rates and do not participate in any division of the rates involved in this case, which are the rates from the lumber producing districts to the river.

The through rates to the river are divided between the roads called "originating roads," on which the lumber originates or is principally manufactured, and the roads receiving the lumber from those originating roads and transporting it on to the river crossings. The principal originating roads are the Gulf & Ship Island, extending from Gulfport, on the Gulf of Mexico, to Jackson, Miss., and the New Orleans and Northeastern Road, extending from New Orleans to Meridian, Miss. (R., 64).

The divisions of the rate allowed the originating roads are large in proportion to the lengths of the hauls made by them and in proportion to the balances left for the roads which continue the transportation on to the river crossings. For example, the average distance from lumber manufacturing points on the Gulf & Ship Island Railroad to Jackson is 80 miles, and 7 cents out of the 16-cent rate to Cairo

is allowed that road. This amounts to 17.5 mills per ton per mile and leaves 9 cents to the Illinois Central Road, which continues the haul from Jackson to Cairo, a distance of 366 miles. Deducting the bridge toll of 2 cents at Cairo there is left the Illinois Central 7 cents, which amounts to 3.8 mills per ton per mile.

The rate per ton per mile under the entire rate to the Ohio, *which the shipper has to pay*, is 7.17 mills per ton per mile, which is above the average, 5.91 mills, on all traffic. As lumber is a low-class traffic (class 6 under both the Southern and Official classifications), below the *average* classification, its rate should be below rather than above the *average* rate on all traffic. (R., 65, 66.)

The advance of 2 cents in the rate to Cairo and other Ohio River crossings complained of in this case appears to have been made solely for the purpose of increasing the proportions of the through rates of the roads which continue the transportation from the points of receipt of the lumber from the originating roads on to the Ohio. The testimony is that the 2 cents advance goes entirely to those roads. But for the large allowances made to the originating roads, the proportions left for the other roads would be much larger, and there would be no ground whatever for making the advance in order to increase those proportions. In reference to this matter the Commission makes the following finding:

"The defendants, other than the originating roads, complain of the small amount of revenue or low rate per ton per mile realized by them out of their proportions of the through rates. This is due to the

large allowances out of the rates made to the originating roads. (See Findings 3 and 4.) Those allowances commenced under the lower rates in force prior to the advance and raise the presumption that those lower rates minus the allowances were then considered reasonably remunerative for the remainder of the hauls to the Ohio River crossings. As the 2 cents advance goes entirely to the roads continuing the transportation on to the Ohio and none of it to the originating roads, the inference is that advance was made solely with a view of increasing the proportions of the former roads. If the allowances to the originating roads are unreasonably large, as they appear to be from a distance standpoint, and result in unreasonably low proportions to the other roads, this can not be remedied by an advance in the total through rates *charged the public*. It is the total rate, and not its proportions, which is in issue." (R., 88.)

XIV.

FORMER RATES REASONABLE PER SE.

There is practically no contention that the 14-cent rate in force prior to the advance was not a reasonable rate in itself. Witnesses for the defendants admit there was profit to the carriers in the lumber business under that rate.

Lumber was a desirable traffic to the carriers before the advance in the rate and furnished a large proportion of their revenue.

The main defenses set up do not challenge the reasonableness in itself of the 14-cent rate.

It was claimed, as heretofore stated, that the 14-cent rate should have been advanced, not because it was unreasonably low in itself, but because there was great profit in the business of the shipper and because the expenses of the defendants had increased.

These defenses are consistent with the idea, if they are not an admission, that the 14-cent rate was reasonable in itself.

Attention is called to the following findings of the Commission:

"While the 13 per cent rate to Cairo was in force from 1894 to 1899, the testimony is that it yielded a profit to the carriers. The same is true as to the 14-cent rate in force from 1899 to the date of the advance, April 15, 1903. This rate of 14 cents appears to be reasonably high when compared with the rates on other kinds of lumber and on yellow-pine lumber from other points and when compared with the rates on other commodities which are at all analogous to lumber in respect to value, volume, and the various circumstances and conditions affecting the transportation of traffic.

"From 1894 to 1899, under the 13-cent rate, and from 1899 to 1903, under the 14-cent rate, there was a steady annual growth in net earnings of the defendants, with the exception of the Cincinnati, New Orleans & Texas Pacific Railway Company. The net earnings at the beginning and conclusion of each of those periods are shown below:

Net earnings under 13-cent rate.

Roads.	1895.	1899.
Southern Ry. Co.	$5,558,006	$8,853,160
Illinois Central R. R. Co.	6,762,382	9,011,408
Louisville & Nashville R. R. Co.	7,052,156	8,250,275
Cincinnati, New Orleans & Texas Pacific Ry. Co.	1,104,591	1,758,933
Alabama Great Southern R. R. Co.	580,075	642,285
New Orleans & Northeastern R. R. Co.	278,098	439,150
Mobile & Ohio R. R. Co.	1,009,303	1,182,238
Alabama & Vicksburg Ry. Co.	151,871	216,154
Gulf & Ship Island R. R. Co.	a 22,198	110,563

a 1897.

Net earnings under 14-cent rate.

Roads.	1899.	1902.
Southern Ry. Co.	$8,853,160	$12,076,229
Illinois Central R. R. Co.	9,911,408	14,572,907
Louisville & Nashville R. R. Co.	8,250,275	9,851,946
Cincinnati, New Orleans & Texas Pacific Ry. Co.	1,758,931	1,636,797
Alabama Great Southern R. R. Co.	642,285	798,771
New Orleans & Northeastern R. R. Co.	439,150	592,128
Mobile & Ohio R. R. Co.	1,182,238	1,625,019
Alabama & Vicksburg Ry. Co.	216,154	278,956
Gulf & Ship Island R. R. Co.	110,563	452,855

NOTE.—Up to September 9, 1899, the earnings were under the 13-cent rate.

(R., 77.)

XV.

WHY WERE NOT ALL RATES ADVANCED?
WHY WAS LUMBER SELECTED?
REASONS WHY LUMBER RATE SHOULD BE RELATIVELY LOW.

If, as contended by counsel for the defendants, there was an increase of expenses and an increase of revenue was needed to meet that increase in expenses, two questions arise.

First. Why was not this additional revenue raised by a general advance in rates or by an advance in the rates on all traffic and not by an advance in the rates on a comparatively few articles including lumber?

Secondly. If an advance in the rates on a comparatively few articles only was justified, why was lumber selected as one of those articles?

In considering the first question it is clear that if there was an increase in operating expenses *that*

increase resulted from the transportation and handling of all traffic and not from the transportation and handling of lumber and a few other articles.

There is no proof of an increase of expense in the handling and transportation of lumber. The increase was on traffic in general.

The increased expense, therefore, should have been met by an advance in all rates and, if it had been so met, the advance would have been so small on any one article as to have been no burden.

As to the second question, namely, if it was proper to advance the rates on a few articles to meet *expenses incurred in transporting all traffic,* why should lumber have been selected?

We answer that the matters proper to be considered or taken into account go to show that lumber should not have been selected.

The Commission finds, and its finding is sustained by the proof, that lumber should be given relatively low rates, because:

1. The service of handling and transporting lumber is *inexpensive.*

2. Neither rapidity of movement nor specially equipped cars are required for the transportation of lumber.

3. Lumber is neither fragile nor perishable; there is *small risk* in its transportation.

4. Lumber gives the carrier a tonnage second in magnitude only to that of one other article, coal.

5. The lumber business is constant, yielding the carriers revenue the year round.

6. Lumber is loaded by the shipper and unloaded by the consignee.

7. Where open cars are furnished, the shipper is required at considerable expense to equip them so as to protect the load and train.

XVI.

LUMBER OF GENERAL USE OR NECESSITY.

There is another reason why lumber should not have been selected for an advance of rates and that is the fact that lumber is an article *of general use or necessity*. It is used, and may be said to be essential, for building the cabins and unpretentious homes which shelter the great mass of our people from one end of the land to the other.

ARTICLES OF LUXURY AND GREAT VALUE SHOULD HAVE BEEN SELECTED.

If only a few articles should have been selected for an advance in rate, then we say articles of LUXURY AND GREAT VALUE should have been selected.

PUBLIC INTEREST TO BE CONSIDERED.

Inasmuch as carriers are quasi-public corporations, deriving their franchises, or in the language of this court, "their right to exist," from the public, and the consideration for which those franchises are granted is the obligation of the carrier to promote as far as possible the public interest, we con d that in all these cases the question is presente., whether the action of the carrier under investigation has been taken with due regard to the interests of the public.

THE PUBLIC IS A PARTY IN INTEREST.

It is a mistaken idea which railway officials seem to entertain that carriers have a right to make rates with regard solely to their own interests.

A railroad corporation has a public duty to perform as well as a private interest to subserve, and the courts should not permit the abandonment of the one for the promotion of the other. In *Smythe* v. *Ames* (169 U. S., 544) this court held that a proposition advanced by counsel was unsound in that, in the language of the court, it—

"Made the interests of the corporation maintaining a public highway the sole test in determining whether the rates established by or for it are such as may be rightfully prescribed between it and the public."

The court further says:

"It can not be admitted that a railroad corporation maintaining a highway under the authority of the State may fix its rates with a view solely to its own interests and ignore the rights of the public."

In *Covington and Lexington Turnpike Co.* v. *Sanford* (164 U. S., 596, 597) it is said:

"It can not be said that a corporation is entitled, as of right and without reference to the interests of the public, to realize a given per cent upon its capital stock. When the question arises whether the legislature has exceeded its constitutional power in prescribing rates to be charged by a corporation controlling a public highway, stockholders are not the only persons whose rights or interests are to be considered. The rights of the public are not to be ignored."

It is particularly essential that carriers should have due regard to the interests of the public before advancing the rate on an article of general use and necessity like lumber.

XVII.

NO RELIABLE EVIDENCE TENDING TO SHOW ADVANCED RATE IS REASONABLE. RATES ON OTHER ROADS AND IN DIFFERENT SECTIONS OF THE COUNTRY NOT PROVEN TO BE STANDARDS OF REASONABLENESS.

In answer to all the matters which we have adduced in the foregoing argument showing the unreasonableness in itself, and .the *absence of all justification*, of the advance in rate, counsel for the carriers relies on a comparison of the advanced rate with lumber rates on other roads for like distances.

In order that this testimony be of any value, it should in the first place be shown that these other rates are correct standards of reasonableness. A direct investigation might show these other rates to be themselves unreasonable.

The best evidence is that furnished by the rates formerly charged by the defendants, which the testimony tends strongly to show were reasonably remunerative, and for the advance of which no valid excuse has been presented.

(See printed arguments filed in this case in behalf of appellee by T. M. Miller, esq., and Marcellus Green, esq.)

XVIII.

THE QUESTION, ONE OF FACT, "PECULIARLY WITHIN THE PROVINCE OF THE COMMISSION."

The Commission found on the testimony that the advance of 2 cents in the lumber rate was without just excuse and resulted in rates unjust and unreasonable in themselves. This was a finding of fact "peculiarly within the province of the Commission."

The court below sustained the findings of the Commission on the evidence.

We invoke in this case the rule laid down by this court that, where the Commission has duly investigated the facts and the court below has sustained the finding of the Commission on such investigation, this court will decline to undertake an original investigation of the facts on its own account and will not set aside the findings of the Commission except in a clear case of error.

C., N. O. & T. P. Ry. Co. v. *I. C. C.* (162 U. S., 194);
L. & N. R. R. Co. v. *Behlmer* (175 U. S., 675);
E. T., Va. & Ga. Ry. Co. v. *I. C. C.* (181 U. S., 27).

In C., N. O. & T. P. Ry. Co. *v.* I. C. C., *supra*, known as the "Social Circle case," this court refused to make an original investigation of the facts and set aside findings of fact of the Commission, because, as the court said, "the question was one of fact peculiarly within the province of the Commission, whose conclusions have been accepted and approved by the Circuit Court of Appeals."

Substituting Circuit Court for Circuit Court of Appeals, this is strictly applicable to the present case.

It is respectfully submitted that the decree of the court below should be affirmed.

L. A. SHAVER,
Solicitor for Appellee.

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Clerk

Advance of 2c in Yellow Pine Lumber Rate Unreasonable.

Supreme Court of United States.

October Term, 1906.

No. 588.

THE ILLINOIS CENTRAL RAILROAD COMPANY, Et Als,

Appellants,

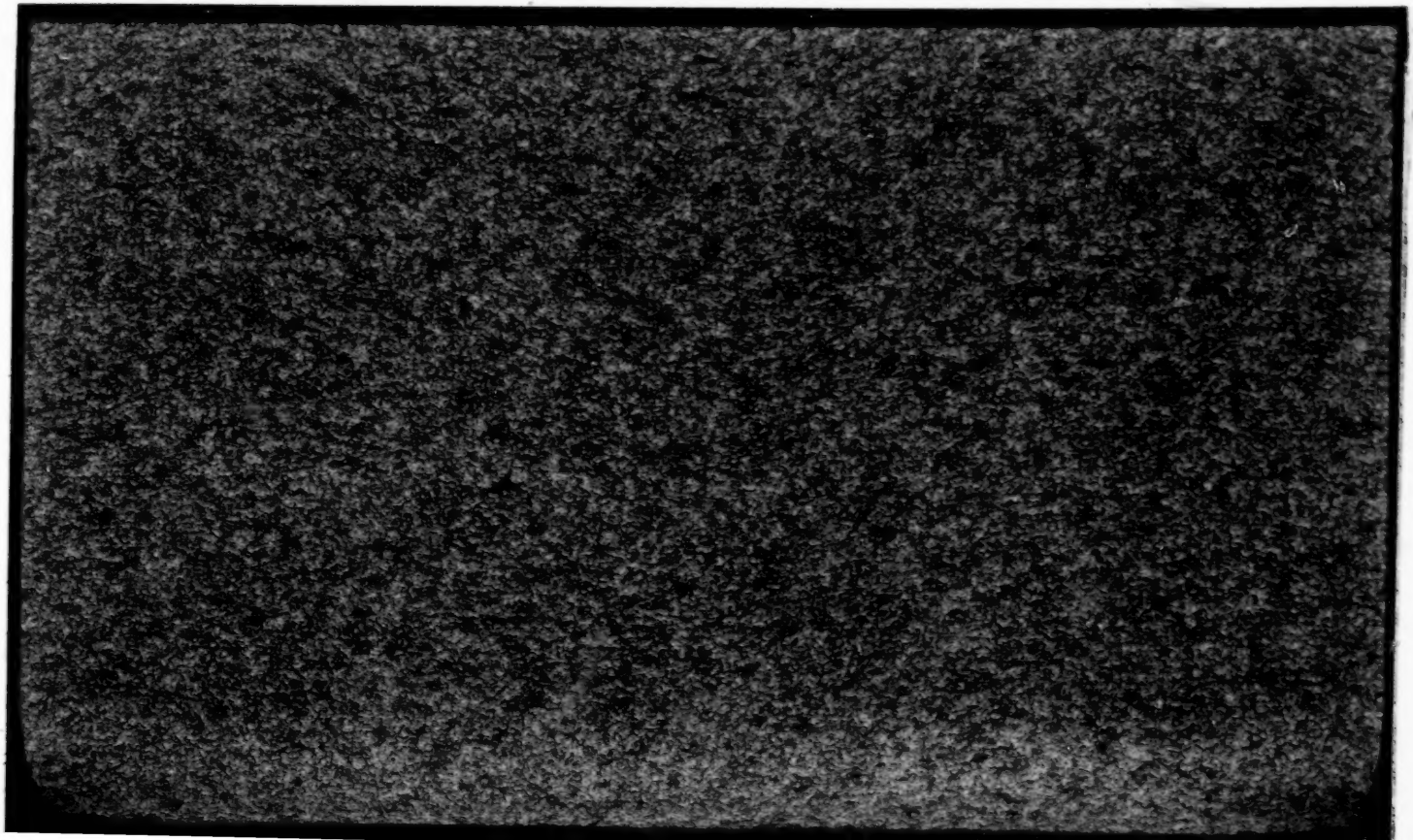
vs.

INTERSTATE COMMERCE COMMISSION.

BRIEF FOR APPELLEE.

MARCELLUS GREEN,
GARNER WYNN GREEN,
OF COUNSEL FOR APPELLEE.

Tucker Printing House, Jackson, Miss.



In the Supreme Court of the United States.

ON APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF LOUISIANA.

No. 588.

October Term, 1906.

ILLINOIS CENTRAL RAILROAD COMPANY, Et Als.,

v.

THE INTERSTATE COMMERCE COMMISSION.

BRIEF OF MARCELLUS GREEN AND GARNER WYNN GREEN OF COUNSEL FOR APPELLEE.

This is an appeal by the Illinois Central Railroad Company, and The Gulf & Ship Island Railroad Company, and The Southern Railway Company, and The Mobile & Ohio Railroad Company, and The New Orleans & Northeastern Railroad Company, and The Alabama Great Southern Railroad Company, and The Cincinnati, New Orleans & Texas Pacific Railway Company, and The Alabama & Vicksburg Railway Company, and The Louisville & Nashville Railroad Company, from the decree of the Circuit Court of the United States for the Eastern Division of Louisiana, Parlange, J., presiding, in a suit brought by the Interstate Commerce Commission to enforce its order, made on the petition of the Central Yellow Pine Association, declaring "that the advance, April 15, 1903, of two cents in the Cairo rate (with a corresponding increase in the rates to the other Ohio river crossing)" on yellow pine lumber "was not warranted under all the facts in evidence, and that the resultant increased rate is unreasonable and unjust." (R. V. II, p. 999), and wherein, upon the record and evidence before the Commission, as well as additional evidence taken by both complainant and defendants

in the Circuit Court, the Circuit Court, without a written opinion, confirmed the findings and order of the Commission by its decree, (R. V. I, p. 513), and rendered a final decree enforcing the order of the Commission.

The assignments of error, effect the fifth, involve practically the same questions, and for brevity may be considered together.

The questions involved were controverted questions of fact, and upon which the evidence was conflicting, viz., whether this advance of 2c per hundred pounds in the rate on yellow pine lumber was unreasonable.

The companion case from the Georgia territory of **Tift v. So. Ry. Co., et als.,** 138, Fed. 753, was begun in the Circuit Court of the District of Georgia, before Judge Speer, and was referred to the Interstate Commerce Commission, to report whether the advance of 2c rate was unreasonable, and the Commission found, and in an exhaustive opinion reported that the advance of 2c was unreasonable; and this finding, in the nature of a report of a master, was confirmed by the Circuit Court in an able opinion; and from the final decree in that case an appeal was taken to the Circuit Court of Appeals for the Fifth Circuit, and the Circuit Court of Appeals in a memorandum opinion, held that "this case was correctly ruled and decided in the Circuit Court" and affirmed the decree. **So. Ry. Co. v. Tift,** 148 Fed., 1021.

Hence, this case, involving controverted questions of fact, —the reasonableness of a certain advance of 2c per hundred in a certain rate, upon conflicting evidence—comes here with findings of fact of the Commission, made in two separate independent proceedings, and upon separate hearings, concurred in and approved by the decree of the Circuit Court of the Eastern District of Louisiana, and by the decree of the Circuit Court of the Eastern District of Georgia, and this latter decree affirmed on appeal by the Court of Appeals of the Fifth Circuit.

The able opinion of the Commission in this case, and that of Judge Speer in **Tift v. So. Ry. Co.,** 138 Fed., 753, contain a full and clear refutation of the contentions of the defendants in this suit, and demonstrate upon exhaustive consideration of all of the questions that this advance was unlawful, unreasonable and unjust.

Counsel contended below that the defendants in the Circuit Court stood in the attitude of exceptors to the findings of the Commission; but the rule is broader than that; for the Court is not confined to the grounds,nor to the reasons assigned by the Commission, but may support the conclusions that the rate is unjust and unreasonable by reasons other than those given by the Commission. **Interstate Commerce Commission, v. So. Pac. Ry.,** 132 Fed., 829.

The Circuit Judge in the case at bar confirmed and adopted the findings of the Commission, and the Circuit Court of Appeals affirmed the findings of Judge Speer, which confirmed the findings of the Commission in the Georgia case.

The question of the reasonableness, **vel non,** of a rate is a question of fact. The Commission, a body of rate experts, skilled in the knowledge of conditions, of environment and of transportation relations, (**E. T. Va. & Ga. Ry. v. Com.,** 99 Fed., 52) and peculiarly fitted to determine the question of reasonableness of a rate (**Tift v. So. Ry. Co., supra**) with the witnesses before it, and who, like a jury, saw them and their manner of testifying, **on a conflict of evidence,** has found the facts against the defendants. The statute gives to this finding the effect of being **prima facie** evidence of correctness. In **probative force,** its findings carry greater weight than **prima facie** evidence because of its ability, experience and great learning on these questions.

Where a Master and the Circuit Court, or the District and Circuit Court concur in findings of fact, they will not be disturbed on appeal unless there is no evidence to support them. **Schwartz v. Duss,** 187 U. S. 10; s. c. 103 Fed., 561; **Murphy v. So Ry. Co.,** 115 Fed. (5th Circ.), 257; **Dravo v. Fabel,** 132 U. S., 487

This bill is in the nature of an appeal from the judgment of the Commission, and while the decree in the Tift case was in another proceeding, it was an adjudication upon common questions of law and fact, and, as such, should be tantamount, as evidence, to an adjudication of the like issues here. **1 Pom. Eq. Juris.,** Secs. 245, 253, 255, 256, and note; **Sharon v. Tucker,** 144 U. S., 533; **Va. Chem. Co. v. Ins. Co.,** 113 Fed., 1; **Crawford v. Railroad Co.,** 83 Miss., 717.

Counsel for defendants below admitted in argument the rule of evidence, announced by the Commission, that where there had been a rate in effect for a long time, and then an advance was made, the burden of proof was on the railroads to show that the conditions had so changed as to justify the advance. (**Op. Com. V. II.,** R. 987; **Tift case, supra,**; **1 Greenleaf Ev.,** Sec. 41; **Holmes v. So. Ry. Co.,** 8 I. C. C. R., 568; **McMorran v. Grand Trunk Ry.,** 3 Id., 252.) This burden was upon defendants before the Commission, and it is augmented here, by the statutory presumption, and also by the probative effect of the finding of the Commission itself, and by Judge Speer's opinion and decree, and by that of the Circuit Court of Appeals, and by that of the Circuit Court.

Hence, without further examination of the evidence this decree should be affirmed.

If, however, the merits must be tried anew then we contend as follows:

The complaint before the Commission was filed against all of the above defendants, but upon the disclaimer of the Mobile, Jackson & Kansas City Railroad Company the proceeding was dismissed as to it.

The question in issue is:

Whether this advance of two cents per hundred on yellow pine lumber promulgated by the tariffs of each of defendant railroad companies, and applied exclusively south of the Ohio River, and enjoyed, exclusively, by the Illinois Central Railroad Company, the Mobile & Ohio Railroad Company, the Southern Railway Company, the Alabama & Great Southern Railway Company, the Cincinnati, New Orleans & Texas Pacific Railway Company and the Louisville & Nashville Railroad Company, and by the Gulf & Ship Island Railroad Company upon traffic south of the Ohio and west of the Missouri rivers, violates sectionone of the Act of Congress, entitled: "An Act to regulate commerce," approved February 4, 1887, Sup. Rev. Stats. U. S., 529, providing that:

> "All charges made for any service rendered or to be rendered in the transportation of passengers or property, as aforesaid, or in connection therewith, or for the receiving,

delivering, storage, or handling of such property, shall be reasonable and just; and every unjust and unreasonable charge for such service is prohibited and declared to be unlawful"; and, also, section 2 of said act prohibiting special rates, rebates, etc., and declaring them unlawful; and section 6 thereof?

Was this advance of the rate an unreasonable and unjust charge for the service rendered in the transportation of this property?

I.

(a) **AS A TRANSPORTATION PROBLEM:**

Wherein consider:

1. Whether more is demanded than this service to the public is reasonably worth?

(b) **AS A FINANCIAL PROBLEM:**

Wherein consider:

1. Whether the advance is necessary in order that each railroad company may earn a fair return upon the value of that which it employs for the public convenience?

(c) **AS A LUMBER TRAFFIC PROBLEM:**

Wherein consider:

1. Whether, if additional revenue is justifiably required, this burden should be placed on yellow pine lumber?

AS A TRANSPORTATION PROBLEM.

The proximate cause of all advances in rates should be that each railroad corporation, as and for itself alone, finds that the rate charged is not a fair return upon the value of that which it employs for the public convenience; and that, therefore, a fair consideration is not paid by the public for the service rendered. This is necessarily a subjective condition. The value of the property, capital stock, etc., each company has invested differs radically; so, too, the cost of operation; and, hence, what might not be a fair rate or basis of return for one company might be for another. The particular condition of each company must be the standard of whether this fair return is being made. Each corporation is a distinct entity, corporate, financial and operative, and without interdependent relations with any other upon

the proposition of the amount of earnings necessary to yield a proper return upon the values employed in the service of the public.

Each corporation has a governmental delegation of the power to levy tolls upon the public for its own services. This delegation gives no power, by convention, to create or to limit the measure of another corporation's power or right to exact tolls or taxes; on the contrary, this is impliedly prohibited. It is the exercise of a governmental function, and it must be exercised, measurably, as the government itself would exercise it were it operating the franchise. The government should adjust its taxation to the benefits to accrue to each succeeding generation. An expensive public building should not be paid for by taxation of the present generation in a single year. As its benefits to the public inure, year after year, the public of tomorrow should bear a part of the expense of creating the benefits it enjoys. So with the cost of construction and betterment of railroads. The magnificent terminals at Chicago will be enjoyed by a future as well as by the present generation, and the cost of this public improvement, though made by a railroad company, should not be paid wholly by tolls exacted from the public of today, but should be projected proportionally over the future. The life of steel rails is 20 years, a part of their cost should be paid each year. Ties last eight years—a proportionate part of their cost should be the annual charge to the public. Cars, locomotives, bridges and all other permanent improvements, additions to the property, and belonging to capital, should be governed by the same rule. **So. Pac. R. R. Co. v. Board,** 78 Fed., 236.

If these betterments were paid for by bonds, each year should pay its interest and raise a proportionate sinking fund —if the funded debt of railroads is to be treated as an exigible debt at maturity. The rule of finance now is, however, to treat these bonded debts of railroads as a permanent investment. If, as is contemplated by the state in granting railroad charters, the stockholders subscribe and pay for all property, betterments and improvements, then the public is expected to pay only such yearly tolls as will pay a fair return upon the investment which is used for the public convenience; and this would embrace the expenses of preservation of the property, its operation and a fair return upon the capital invested.

Chairman Knapp in his **Essay on Railroad Pooling,** p. 129, says:

> "But railroad transportation is not a commodity, it is distinctly a service. The physical appliances by which this service is performed are property, they are acquired; not so the right to their use, that is enjoyed. The ownership of the carrier becomes the privilege of the public. In order that private enterprise may furnish this means of conveyance it must possess special and extraordinary powers granted for the purpose by the state. Through the exercise of these powers the railroad participates in the duties of civil administration and discharges obligations which are innate in the constitution of society. For reasons of expediency the sovereign abdicates its authority in this particular in favor of corporations which it has created, but this circumstance does not change the nature of the service, or the principles which should govern its performance.
>
> "On this foundation, laid in the nature and necessity of social order, rests the common right to just and impartial charges for public transportation. The railroads are an agency of the state for discharging a public duty of the highest utility. They are not vendors or merchants, free to make secret and varying bargains with their customers, but the purveyors of a public privilege which all are entitled to enjoy on the same terms. Neither official station, personal distinction nor patronage of unusual volume, furnishes a defensible ground for giving one man cheaper conveyance than another."

The circumstances attending this two-cent advance of rates were that the railroad companies assumed that the yellow pine industry was enjoying great prosperity, and their answer avers, on information and belief, in the proceedings before the Commission, "that the profits heretofore and now derived from their mills * * * are unusual and excessively large."

The Southern Railway was the first to instigate the advance. (R. V. II. 688) **In re Proposed Advances in Freight Rates,** 9 I. C. C. Rep., 426, in comparing the Southern with other railways as a standard, Judge Prouty said:

"Upon the other hand, it would be equally unfair to the public if the most expensive line were made the standard. The Southern Railway carries grain to some extent to Norfolk, Virginia,. The distance is fully as great and the rate less than to New York. Its operation is expensive, its tonnage comparatively light; its net earnings per mile only about $1,700. A rate to the seaboard which upon any fair basis of compensation to investment would be reasonable for that company would be extravagantly high for the trunk lines. To permit such a rate would be to impose upon the general public the payment of an exorbitant charge."

As a reason for an advance, Mr. Powell of the Southern, wrote Mr. Hudson, of the Illinois Central, January 2, 1903 (R. V. II, 688):

"The rates on lumber and pig iron have generally been adjusted with relation to the price of the commodity. We have advanced the rates on pig iron * * * The rates, however, on lumber are still much lower than they were twelve years ago, while we are told the profits are quite liberal.

"The **present car shortage and lack of motive power has induced shippers to say to us that they would be willing to pay higher rates if an ample supply of cars and quicker service can be maintained.** Only three days ago a party called to see me in Washington, offering to pay an advance over the present rate if we could furnish cars * * *. **We could not supply the cars,** and, in any case, I do not believe we could legally have charged more than the published rates.

"At the present time, the basing rate from the South to Cairo is seven cents less than the basing rate to Cincinnati. I believe this differential can be reduced, and that all lines east of the Mississippi river can afford to advance the basing rate to Cairo two cents per hundred pounds. This will advance a great many of the through rates to Pittsburg territory, which is accessible via the Atlantic Seaboard, and therefore, is subject to indirect water competition.

"Do you see any objection to advancing the basing rate to Cairo two cents per hundred pounds? This will make Cairo seventeen (sixteen) cents and Cincinnati twenty-two cents from points on the South of a line drawn from Vicksburg, Miss., through Jackson and Meridian, Miss., Selma and Montgomery, Alabama, to Savannah, Ga.

"My suggestion would be that the advance in the rate be taken up from the prorating point, inasmuch as the differentials now allowed the initial lines are quite generous

"Yours truly,

"T. C. POWELL,

"Freight and Traffic Manager."

(The Italics are ours.)

Thus, while confessing inability to perform the public service required by its charter as to furnishing equipment, Mr. Powell seeks to advance the rate for the reason that the necessities of the lumbermen, arising from this acknowledged dereliction to the public, can be made to coerce payment of the advance.

Mr. C. W. Robinson (R. V. II, 56-7) states:

"I think that the railroad people were mistaken when they thought they needed any increase in the rates whatever. I think their reports, especially the reports of the older and better managed railroads, show conclusively that they were earning not only a fair compensation on the cost of their properties, but that they were earning an abnormally large percentage on the cost of the properties; that they were earning this abnormally large percentage on the cost of the properties in spite of the fact that they were operating under congested conditions, in that they were unable to handle the traffic that they attempted to handle. It congested at junction points and terminal points until the losses involved in such congestion amounted to not thousands of dollars, but ran into millions of dollars. During the year of 1902, at Meridian, Miss., the Mobile & Ohio were unable for some nine or ten weeks to receive all the business that was offered them. One car of lumber that I have particularly in mind, originating on the line of the Northeastern road, shipped to Carroll to be stopped for dressing,

required seventy-seven days to get to the planing mill, a distance of about 150 miles. This delay was due to the congested condition of the yards of the Mobile & Ohio at Meridian. At Jackson, Miss., the congested condition was so great as to almost surpass belief. Perishable freight, because of this congestion, spoiled and was paid for by the railroad companies. Notably at Memphis, Tenn., was the traffic congested. This is true in a less or greater degree of every terminal point I know of and of every junction point. The railroad managements were short-sighted and did not provide sufficient motive power, a sufficient number of cars, sufficient yard room at junction points, sufficient side-tracks along the lines of their roads, and sufficient terminal facilities at the great distribution centers to earn what they would have earned on the old rate if they could have had these facilities. If they had been able to furnish the cars that the business required at the old rate, their earnings would have been enormously increased on the Gulf & Ship Island. I can say, without hesitation, that not to exceed 50 per cent. of the cars demanded by the business on this line were furnished."

This witness produced letters from the train master of the Gulf & Ship Island Railroad, dated May 9, 1903, nearly a month after this advance went into effect, addressed to witness' firm (R. V. II, 686): "I have your favors of May 4th and May 7th, in regard to furnishing Ralston some cars for shipments to C. C. C. & St. L. R. R. Co.

"At the present time we are not getting more than about 5 per cent of open cars on our orders."

"We are filling orders in their turns, and will try to take care of these shipments soon."

Under date of May 1, 1903, the trainmaster of the Gulf & Ship Island Railroad wrote witness' firm (R. V. II, 58, 686):

"I have yours of the 29th, ult., asking for cars to be placed for the Mason Lumber Co., for Cairo shipment.

"We are getting very few I. C. cars, not over 10 per cent on our orders, and it is impossible to promise that all orders will be filled. However, the best will be done. The I. C. promised that they will give us more cars; if they do, no

doubt we will be able to help you out. I can assure you, however, that you will get your proportion of the cars.

"I have on my desk this morning several letters from planters and mill men that they have had to wait longer than the parties who ship to you for cars."

Witness then read a letter from the Superintendent of the New Orleans & Northeastern Railroad, dated October 19, 1903, (R. V. II, 58, 687):

"In response to your letter of October 17th, stating that it is imperative that two box cars be furnished at Watson spur, and four box cars at Clifton at the earliest possible moment for kiln-dried, high grade lumber, it is useless for me to say that we will furnish these cars at an early date, but we will do our very best in that direction. I suggest that you use coal cars or dumps to carry this lumber to Meridian, and we will make an effort to furnish them, putting on top of the dressed lumber a roof or shed of common boards. This method is practiced by other mills on line who are anxious to get lumber of this character to the planing mills at Meridian. If you adopt this suggestion we will endeavor to move the lumber with very little delay."

Mr. Robinson (R. V. II, 59) read from the Ninth Annual Report (1903), page 4, of the Southern Railway as follows:

"While the increase in gross earnings is large, it would have been exceeded if equipment, yards and shops had been equal to the demand upon them, and the net results could have been much improved if the transportation had been done under normal instead of under congested conditions. It is confidently believed that with the improvements now in progress much better operations will be obtained."

The congested conditions were so clearly demonstrated by the evidence that Commissioners Prouty and Yoemans stopped the examination of Mr. I. C. Enochs on this proposition (R. V. II, 167).

Touching the conditions subsequent to the taking of the testimony before the Commission in 1903, and up to February, 1904, Mr. Compton, Traffic Manager of the Louisville & Nashville Railroad (Dfts. New Evidence, V. I, 167), testifies:

* * * "The car supply of the Louisville & Nashville

Railroad has been taxed to its utmost. This is true with respect to lumber shipments, as well as commodities in general, although we are now furnishing the lumber shippers on our lines more cars than we were called upon to furnish in previous years, yet the supply is inadequate, and no transportation man could possibly have anticipated and been ready for the emergency which has occurred. By reason of shortage of cars, the Louisville & Nashville Railroad has considered that its first duty was to the mill men upon its own line and it has discontinued the sending of cars off its line for loading at mills on foreign roads. The car shortage has been practically continuous since the presidential election, and still continues, notwithstanding we have substantially increased our rolling stock."

Mr. L. Green, General Freight Agent of the Southern, (Dfts. New Evidence, V. 1, 259) testifies:

"I suppose the Southern occupies a peculiar position with respect to the handling of its business. The Company was organized on the 1st day of January, 1894, and it came into the possession of a lot of properties that were poorly equipped, that were run down in every respect, and almost beginning with its organization the expansion of business began, so that our difficulties were very much greater in taking care of the increased business than were those of the old lines that had been under good management for many years and had been kept up and improved and prepared to meet the increased business."

Mr. Stuyvesant Fish, President of the Illinois Central, (R. V. II, 462), testifies:

"Q. Is it not a fact that the Illinois Central had more traffic to haul during the years 1902-03 than its motive power would transport?

"A. Yes, sir; it has been in that condition for a good many years. It has been constantly, as you can see from the reports of the Illinois Central for 1903, table number 8, increasing its service to the public and very rapidly. * * * We are rendering all of the service we can with the limited means we have, and we are furnishing cars and engines as fast as we can get the money for them. Our new engines are not giving satisfaction. The new engines

will not be a failure ultimately but at present they are a failure. They do not carry heavy tonnage, for which they are designed, economically, and any man in the service of the Northwestern Companies will testify to the same."

Q. to Mr. Fish, R. V. II, 463:

"I understand you to say that for the last few years the Illinois Central Railroad has had more traffic offered than its facilities could transport?

"A. I think that is pretty nearly the truth, and we have struggled with that to do our duty the best we could."

To show that the rate, in effect January, 1903, was remunerative, and that competition played no part in making the advance, on **January 16, 1903,** The Alabama & Vicksburg Railway and the New Orleans & Northeastern Railroad, two of these defendants for themselves, in connection with other of defendants, made a rate, to Detroit, Mich., in Central Association territory, on yellow pine lumber, of twenty-six cents per hundred; and notice was given by the Southeastern Mississippi Valley Association accordingly (R. V. II, 689, 690). The rate in effect from the Southern Pine District to Detroit, Mich., prior to this advance of April 15, 1903, under the agreement of January 30, 1903, was twenty-eight cents per hundred, and by this advance it was made thirty cents per hundred (R. V. II, 846-7; Ex. A, to Bowes' evidence.)

Thus, these two railroads of and for themselves, on January 16, 1903, in connection with others of defendants, were willing to accept a rate of twenty-six cents, or two cents less than the then prevailing rate, and four cents less than that of April 15, 1903.

The Northeastern Railroad had just made the rate, **supra,** on yellow pine lumber to Detroit of twenty-six cents, and when its representatives came to vote, in the meeting of January 30, 1903, he **withheld his views;** but later, on February 2 (R. V. II, 691-2) wired "our line will agree to two cents," etc.

Thus, with confessed inability to handle, efficiently, for want of equipment and managerial capacity, the enormous volume of traffic offered for transportation, and whereby extraordinary and continuous losses were being sustained by these railroads, they seek to increase the rates on yellow pine lumber; and because of that railroad heresy that the traffic will bear the rate.

The movement to make this advance took the form of meeting by the representatives of the interested roads in the Mississippi territory at St. Augustine, and then at New Orleans, to obtain an agreement to make the advance. At this meeting it developed that the advance could not be made unless the trans-Mississippi roads would agree to advance the rate also, and so the meeting at New Orleans adjourned to meet at St. Louis, January 30, 1903, for the express purpose of obtaining an agreement with the trans-Mississippi roads. At St. Louis the Southeastern Mississippi Valley Association met pursuant to the adjournment from New Orleans, and appointed a committee to confer with the Trans-Mississippi Association then in session there, and the conference was had, resulting in an agreement by those roads to advance, **contingent upon** the advance by the Cis-Mississippi roads. (R. V. II, 695, 6, 9, 700, 704, 705, 716, 725). The Southeastern Mississippi Valley Association then agreed to to it, and then took the matter up with the Southeastern Freight Association, and it agreed to the advance, **contingent upon** a like advance from Arkansas and Louisiana, and the general letter No. 1499 of Chairman Washburn, dated Feb. 7th, 1903 (R. Vol. II, 704), "To Members," after reciting these matters summarizes thus:

> "You will no doubt understand from the foregoing that it was the intention of lines individually to advance the rates two cents per one hundred pounds, where it might be deemed practicable to bring about such advance. This, based on the fact that when lumber rates were last advanced by Texas lines, the parity as between rates from southeastern territory and Texas territory was not strictly observed. In other words, higher rates were carried from Texas-producing points than were carried from the southeast under former adjustment, in other words," (despairing of concealing the fact under vague generalities longer) "the Texas lines understand **the agreement** to be that they can carry the same rates if they deem it advisable to do so. The opinion, however, was pretty generally expressed that it was their desire to get the full advance of two cents from Texas-producing points to the territory named in the foregoing recommendation, but if this could not be done, the members want it distinctly understood that they do not

> feel they would be **violating any understanding** if they should carry the same rates from Texas as apply from the southeast based on the two-cent advance contemplated;" etc. (Italics ours.) (R. V. II, 688-810.)

It is unnecessary to detail the evidence as to this agreement to advance. The same character of transaction was thus described **In re Proposed Advance in Freight Rates, supra,** 394:

> "What occurred when these advances were determined upon is instructive. Traffic representatives from the principal lines interested met in the City of New York. The recollection of those present as to what was said upon that occasion was some what indistinct," (compareChairman Washburn's elusive memory of what happened, R., V. II, pp. 116-122), "especially at the last hearing, but all admitted that as a result of the meeting it was determined to make the advances. Some witnesses stated that there was an understanding that they should be made, while the representative of one Southern line testified that he neither agreed nor understood, but simply announced that his line would make the advance. The thing done, not the name, is of consequence. To the public, who pay these rates, it is immaterial whether they have increased as the result of 'agreement,' or 'understanding' or 'announcement.' If this be more than a play upon words, it goes to a criminal quality of the act, not to its practical effect."

This advance then, was an **agreed one,** irrespective of whether the revenue conditions of the participating railroad companies were similar or dissimilar, and in face of the fact that the real trouble was lack of motive power and cars and efficient management to handle the traffic more profitably, and covering the whole southern country from Texas to the Atlantic and south of the Ohio river.

The fact that each of the several Freight Associations agreed to make the advance, "contingent upon," the other Associations making it, evidences clearly that the advance was not being made because the consideration then received was inadequate remuneration for the service performed for the public; for, if the contingency did not happen—if the Arkansas or Georgia roads would not agree—then each road was willing to continue

to perform the service at the then existing rate. Thus, the foundation of this advance is this agreement.

As it was fixed by conventional agreement of carriers, irrespective of difference of conditions, at a certain sum, to be effective or not, contingent upon all interested agreeing thereto, is it not clear that the advance exists by reason of the agreement alone, and that in the absence of the agreement there would be no advance? True, all of the roads published this rate, and must conform to it; but the publication, while apparently the individual act of each corporation, is, in fact, the promulgation of the agreement. It is a fraud upon the Interstate Commerce Act, being the offspring of agreement among the several roads, and not the separate corporate act of each corporation of and for itself, arising from competitive conditions.

The principle of the Interstate Commerce Act is that the public shall have the benefit of the advantage of the competitive action of each carrier separately in its separate, individual capacity, and responsive to the requirements of the individual needs, and according to the individual status of each corporation. Its object was to secure the public against unjust exactions by carriers by suppression of competition. Untrammelled competition was its purpose. If rates are to be made by agreement they will be based on the requirements of the poorest—most inefficient party to the compact—and, therefore, excessive as to all others. To give to the Federal Government more effective control, this act crystalized into a federal statute, the principles of the common law duty of the carrier that goods should be transported at reasonable rates; and to further bring within the jurisdiction of the federal judiciary these principles, the Sherman Act embodied into a federal statute the common law offense of conspiracy to prevent the evasion of the performance of the duty of the carrier to the public by any agreement unreasonably stifling competition.

This federal jurisdiction was further enlarged by the Act of 1903, Acts 1902-03, p. 847, whereby original jurisdiction was given courts of equity, at the suit of the Commission, without prior judicial action on its part, to try any case of discrimination forbidden by law.

Thus, the statutes of the United States forbid unlawful agreements as to railroad rates. An agreement, declared to be

unlawful by the federal statutes, cannot be the reasonable exercise of the governmental function under the charter power to fix rates for a service to the public.

While the Commission is not clothed with power to enforce the Sherman Act, still it must consider all of the facts and circumstances to determine whether the charge for such service is "unjust and unreasonable," **vel non;** and if the rate is based upon an arbitrary, unlawful agreement it could not be predicated of the proper legal elements of a reasonable rate.

The Commission both in this (Op., V II R., 992, 3, 4) and in the Tift case, **supra**, found that this advance of two cents was made by an unlawful agreement, violative of the Sherman Act; and this finding has been approved by the Circuit Court in this case, and by the Circuit Court, and the Court of Appeals in the case of **Tift v. So. Ry. Co.,** 138 Fed., 753; s. c. 148 Fed., 1021, **supra.**

The **object** of the railroads, viz., fixing a rate, if by each for itself, would be lawful; but the **means**—agreement—used to accomplish that object was unlawful; and was an unlawful agreement, or conspiracy in restraint of interstate trade. **1 Bishop New Cr.,** L., Secs. 171, 2, 3; **People v. Mather,** 4 Wend., 229; **Com. v. Eastman** (Mass.), 48 Am. Dec., 596; **Rex v. Fowler,** 1 East P. C., 461.

Such agreements between railroads—public service corporations—are within the Sherman Act. **So. Ry. Co. v. Tift,** 138 Fed., 753; **Joint Traffic Assn.,** 171 U. S., 595; **U. S. v. Trans-Missouri Assn.,** 166 U. S., 290; **Northern Securities Case,** 193 U. S. 197.

These Arkansas lines and the Mobile & Ohio Railroad Company, with their then tap line divisions to the logging roads of from one to six cents per hundred pounds, were parties to this agreement to advance this rate two cents; (R. V. II, 967), and the Illinois Central and the other railroads, with full knowledge of these tap line divisions by these railroads, became parties to their agreement to increase this rate, and thereby sanction and effect was given to these tap line divisions of the rate by all of the parties thereto.

These tap line divisions of the published tariff rates are declared by the (R. V. II, 968,) to be a rebate, and this finding is confirmed by the Circuit Court. Notwithstanding this decision by the Commission on February 7, 1905, the Illinois Central Railroad Company on January 10, 1906, by its letter to I. C. Enochs, General Manager Brookhaven & Pearl River Railroad Company, **voluntarily offered** to give that railroad and other railroads a tap line division of two cents, saying:

> "We have decided **to make some change in the policy** which has heretofore been observed by our Company, and effective February 1, 1906, we propose to allow the Brookhaven & Pearl River Railroad a division of two cents per hundred pounds on yellow pine lumber, car loads, delivered us at Brookhaven, when destined to Ohio river crossings and points beyond, on and east of the Mississippi river and on and west of the Buffalo-Pittsburg line. * * * The lumber should **be billed out of Brookhaven at the regular traffic rates applying from that place** and the division of two cents per hundred pounds to be paid you by monthly claims. **If this arrangement is satisfactory, please advise me promptly,** upon receipt of this letter and I will promptly issue tariff and division sheet. In the event you accept this arrangement, **and which is the same as we will establish February 1st with other roads of similar character and length** as the Brookhaven & Pearl River Railroad, please send me promptly after the close of each month a statement in duplicate, etc. * * * **This same arrangement as outlined above will of course, apply on lumber cut at mills on the Brookhaven & Pearl River Railroad as on lumber manufactured at Brookhaven.** (Italics are ours.) (Complts. New Evidence, R. V. 1, 415.) (Bowes Defts. New Ev., V. I, 146.)

This would have the effect of voluntarily fixing the rate to Cairo at 14c, and of giving the two cent advance, voluntarily, as a tap line division to these little railroads, because of "**some change in the policy.**"

This change of policy was caused by the invasion of the territory by the **competitive** Goodyear Railroad in process of construction. (Bowes, V. I, 146.)

If the Trans-Mississippi railroads and the Mobile & Ohio Railroad, which haul yellow pine lumber into this Central Traffic

territory could afford to render that service for the published tariff up to 1894 of thirteen cents, and up to 1899 of fourteen cents to Cairo, and allow therefrom, by their voluntary act, from one cent to six cents per hundred pounds rebate as a tap line division, (R. V. II, 967), it is clear that the reasonable worth of the service rendered the public by the railroad company would be the thirteen cents or fourteen cents less the one cent to six cents rebate.

The Gulf & Ship Island Railroad and the New Orleans & Northeastern Railroad, **voluntarily**, offered two cents per hundred pounds tap line division, commencing November 15, 1900, (R. V. II, 19). The Illinois Central Railroad Company as shown, **supra,** in 1906, voluntarily offered to reduce its rate by two cents per hundred pounds, and to give this to logging roads along its line; and even to the Brookhaven & Pearl River Railroad Company **upon lumber manufactured at Brookhaven,** a station on the Illinois Central.

The Illinois Central by its voluntary act, **in 1899,** made a contract with the Gulf & Ship Island Railroad Company whereby it agreed to give the Gulf & Ship Island an arbitrary of seven cents per hundred pounds on yellow pine lumber shipped to the central traffic territory for a period of ten years (R. V. II, 964, 5). The lumber to be delivered at Jackson, Miss., by the Gulf & Ship Island to the Illinois Central. Prior to the making of this contract by the Illinois Central, the Gulf & Ship Island, at its connections with the New Orleans & Northeastern at Laurel, and Hattiesburg, and with the Louisville & Nashville at Gulfport, received from three cents to four cents as its division of the through rate on lumber. (Hale, Dfts. New Evidence, R. V. I, p. 215).

Mr. Haiden Miller of the Mobile & Ohio testified (Dfts. New Ev., V. I, 158), that the largest tap line division his road had ever allowed was three and one-half cents per hundred pounds; and that he had no knowledge of as much as seven cents ever having been allowed an originating line.

At the time this contract was made between the Gulf & Ship Island and the Illinois Central the rate to Cairo was fourteen cents. Under this contract for an average haul of eighty miles (R. V. II, 965) the Gulf & Ship Island receives seven cents per

hundred pounds, and the Illinois Central, from Jackson, Miss., to Cairo, 366 miles (two cents bridge) receives five cents per hundred pounds, or 3.8 mills per ton per mile.

This status of the Illinois Central being fixed by contract for ten years, irrespective of changing conditions of traffic, expense, or earnings, it cannot now be heard to complain as to the public that its proportion of this through rate, five cents—3.8 mills per ton per mile—is inadequate compensation.

The Mobile & Ohio receives from lumber originating on its own line 6.5 mills per ton per mile, but on lumber from other roads, **by reason of its agreed divisions** of the rate, it receives 3.8 mills per ton per mile (R. V. II, 384).

Mr. Bowes testifies (Dfts. New Evidence, R. V. I, 144) that this Gulf & Ship Island contract was subject to cancellation on sixty days' notice; and yet, notwithstanding this right to cancel it on the part of the Illinois Central, it voluntarily continues it, and thereby voluntarily accepts the rate of 3.8 mills per ton per mile for its services for 50 per cent of the yellow pine lumber handled by it. (R. V. II, 481).

This would demonstrate that in 1899 a fair rate or return for the service rendered by the Illinois Central for the service rendered in transporting this lumber from Jackson to Cairo, 366 miles, was five cents, and that by its voluntary continuance of this rate upon 50 per cent (R. V. II, 481) of its shipments of yellow pine lumber it could not be heard to demand an increase or advance of rate from the public while it voluntarily executed this contract.

By the voluntary offer of the Illinois Central to give two cents tap line division in 1906, it would appear that for the service it renders to the public, a fair return would be the present rate of sixteen cents complained of less this two cents, or fourteen cents, which was the rate in force prior to April 15, 1903.

The status of the Gulf & Ship Island Railroad Company, thus arising out of this contract with the Illinois Central, whereby it is paid seven cents per hundred pounds, gave it power to dictate its divisions with its other connections, and it exacts five cents per hundred pounds from the New Orleans & Northeastern for a nominal switching service at Laurel, Miss., and

formerly received this five cents whether it switched the cars or not. (R. V. II, 23.)

When the Gulf & Ship Island became a party to these through tariffs it subjected itself to the jurisdiction of the Commission in the matter of these rates. **Penn. Miller's State Assn. v. Phil. & R. R. Co.,** 8 I. C. C. R., 331; **Interstate v. Detroit, etc., R. R. Co.,** 167 U. S., 642. The divisions of the through rate—the amounts received by each carrier—are material elements in determining the reasonableness of the through rate, and of its proper relations to through rates.

The divisions of the through rate are made by **agreement** between the connecting roads.

The rate for the service rendered the public may be ample, and yet, by improvident agreements, whereby excessive divisions are allowed, the intermediate road may receive a smaller compensation for the service rendered the public. If so, the remedy is not to increase the rate but to properly adjust the divisions of the rate. The real ground upon which this advance was predicated, as shown by Mr. Powell's letter, **supra**, and by the allottment of the whole of the advance to the **intermediate** roads, was that the divisions of the rate of the intermediate roads was too low. The defendants, other than the originating roads, complain of the small amount of revenue or low rate per ton per mile realized by them out of their proportions of the through rates. This is due to the large allowances out of the rates made to the originating roads. (See Finding 3 and 4, R. V. II, 964, 5.) With these allowances deducted, the former lower rates were then considered reasonably remunerative for the remainder of the haul to the Ohio river crossings. As the two cents advance goes entirely to the roads continuing the transportation on to the Ohio and none of it to the originating roads, the inference is that advance was made solely with a view of increasing the proportions of the former roads. If the allowances to the originating roads are unreasonably large, as they appear to be from a distance standpoint, and result in unreasonably low proportions to the other roads, this can not be remedied by an advance in the total through rates charged the public. It is the total rate, and not its proportions, which is in issue.

Col. F. & I. Co. v. Pa. Ry. Co., 6 I. C. C. R., 488; **Warren Ehret Co. v. Gen. R. R. Co.,** 8 Id., 598; **Wholesale Lbr. Dealers v. Norfolk & W. R. R. Co.,** 9 Id. 87.

In **Mayor, etc., of Wichita v. Atch. T. & S. F. Ry. Co.,** 9 I. C. C. R., 552, speaking of a status arising from competitive bidding for traffic, it was said:

> "In remarking above that an abnormally low rate temporarily induced by unusual competition ought not to be made the test of reasonableness, it was not meant that the presence of competition deprived a rate of its value as such standard. Upon the contrary it is evident that a non-competitive rate can have no such value. The idea of our legislation in the past has been to secure competition in the expectation that from this would result a reasonable transportation charge. One test of a reasonable rate is to inquire what has been the result of competition between different carriers; when several different lines of railway could and did bid for the same traffic, at what price have these carriers transported that traffic where such competitive conditions, operating through several years, have settled down into a certain rate we think that fact is of great weight. Now, in the case before us competition after being subjected to all the restrictions when possible, resulted in an actual rate from Wichita not exceeding twenty-eight and one-half cents on the average. While not conclusive, this is certainly important in attempting to determine what is a reasonable charge."

As stated, the M. & O. R. R. Company, fixed **by contract** with its tap lines, from which arises nearly all of the lumber originating on its line, a division of from two to three cents (R. V. II, 967; M. & O. Answer to Ints.), and thus, irrespective of the increase or decrease of revenue it has fixed voluntarily that the consideration it receives for its service is worth that much less than it purports on the face of the published tariff to be.

These agreements of themselves prove conclusively that the advance of two cents in this rate was unreasonable and unjust.

These tap line divisions bring the case within the principles of **Interstate Com. v. Railroad,** 186 U. S., 336, and **Covington Stock Yards v. Keith,** 139 U. S., 128, wherein it was held: that the through joint rate from point to point includes adequate compensation for the services rendered at the point of delivery, and that the addition of a terminal charge, without any reduction of the through rate, would be unreasonable.

This thirteen-cent rate having been voluntarily established by (R. V. II, 966 ,7) the Arkansas or trans-Mississippi lines as a reasonable rate prior to 1894, and having been adhered to by them, in the face of the urgency of the cis-Mississippi lines to advance them, must be considered a fair return for the service rendered. The probative effect of this might be different if the thirteen-cent rate had been established by the Arkansas lines by the force of competition. On the contrary, the thirteen-cent rate was established and maintained by the Arkansas lines while a higher rate prevailed with the Cis-Mississippi lines, and in defiance of the efforts of the Cis-Mississippi roads to make them change. If the rate was competitive, "while not conclusive, this is certainly important in attempting to determine what is a reasonable charge.'

In 1892 and prior thereto, as shown by the tariffs, exhibit 20 (Appendices A, B, C, hereto, infra; R. V. II, 639, 40, and Secretary Moseley's certificate, R. V. I, 486, 491), to Mr. Enochs' evidence, and the address of Mr. Gardiner in 1893 (R. V. II, 9-13), Cairo was not a basing point for lumber. The rates were through rates to the several points north of the Ohio river, and the local rate to Cairo in 1892 was 15c. The development of the basing points or gateways of Cairo, Evansville, Louisville and Cincinnati, arose out of the adjustment of the rates in 1894, when the relative status of the trans-Mississippi lines and of the Cis-Mississippi lines were adjusted in the territory north of the Ohio river.

The blanket rate system and these basing points or gateways **were then adopted by the railroads themselves** in fixing the basis upon which the Arkansas or trans-Mississippi lines and cis-Mississippi lines were to come into the Central Traffic territory north of the Ohio river. The Arkansas lines had previously

fixed and maintained against competition and persuasion the thirteen-cent rate to Cairo. Cairo was geographically the nearest common point on the Ohio river to the Arkansas and Mississippi mills. Being the nearest common point, or focus, **it was fixed by the interested carriers** as the basic line and as the basis of the rate. The gateways or bases further east, viz., Evansville, Louisville and Cincinnati, were established relatively to Cairo; and as they were further removed relatively from the basic lines, the rates through those gateways were made relatively higher. The rates were made to the basic points, or gateways, and beyond, by the addition of the local rate beyond the gateway to this rate to the gateway. To equalize the rates beyond, they were made on the lowest combination, so that all of the gateways would, as to rates, be on a parity as far as practicable to points beyond the Ohio river.

Thus this blanket rate, combined with these basing points or gateways, was devised by the railroad companies east and west of the Mississippi river to let all of the roads into this territory north of the Ohio river, and to enable all of them to participate in this business. The scheme did not permit all of the railroads to carry at the same rate per ton per mile. The railroad lines on or nearest to the basic line to Cairo were the most favored, those more remote less favored. Thus, the per ton per mile of the Cotton Pelt and Illinois Central main line and the New Orleans & Northeastern and connections to Cairo would realize about the maximum per ton per mile, their distances being the shortest (R. V. II, 965.)

The less favored roads, i. e., those further removed from the Cairo basic line would have to haul a longer distance, upon the lowest combination rate, and thus their per ton per mile would be less upon lumber basing on Cairo. It is clear, therefore, that this blanket, basing point method is of all methods of rate-making the least measurable in fixation by the standard of the per ton per mile. Its very essence is to let all the roads into this territory with this lumber business, and if some of them, by reason of location, have long hauls, and a low rate per ton per mile, it is because, under this scheme, devised by the railroads themselves, it is not in the favored class near to the basic line.

For this reason the rate per ton per mile given by Mr. Bowes for the Illinois Central as not exceeding an **average** of 4.5 mills per ton per mile on **all of the lumber** handled by the Illinois Central is misleading. The rate is made on Cairo, which is the shortest line for lumber originating on the line of the Illinois Central, or the Gulf & Ship Island via Illinois Central, to Central Traffic territory; hence, the per ton per mile of **all** this lumber should be based on Cairo at 6.3 mills (R. V. II, 966) per hundred, under the fourteen-cent rate, and 7.2 mills under the sixteen-cent rate. When the **average** embraces Evansville, Louisville and Cincinnati, longer distances, it improperly reduces the per ton per mile. This refutes the contention of Judge Baxter in the court below that by taking the **average** per ton per mile, on yellow pine lumber, **through all of the gateways,** the per ton per mile, 5.59 mills to each railroad, as a reasonable charge for the service rendered, was to be fixed. This 4.5 mills average of Mr. Bowes also embraces the yellow pine lumber from the Gulf & Ship Island, about half of the (R. V. II, 481) Illinois Central haul, and thus the average of Illinois Central is reduced by the voluntary contractual elements of the Gulf & Ship Island contract, and whereunder the Gulf & Ship Island receives 17.5 mills per ton per mile (R. V. II, 965.)

The difficulty of comparison of rates by the per ton per mile on lumber as a basis for a reasonable rate is thus apparent. If the short haul is taken the rate per ton per mile is larger than if the longer haul is taken, and so in the absence of an accurate knowledge of the scheme, and of the actual performance of the roads of which the per ton per mile is taken, the mere isolated fact of the rate per ton per mile might be misleading. The Illinois Central would not be allowed, in fixing a reasonable rate per mile to take Cincinnati, with 757 miles (R. V. II, 965) as against Cairo with 444 or 432 miles; the former would yield 6 mills, the latter 7.4 and 7.2 mills, respectively. The shortest available line is the rate basis. (Op. of Commission, R. V. II, 966.)

To illustrate: To show a low rate per ton per mile Mr. Compton of the Louisville & Nashville Railroad by his Exhibits J and K (R. V. II, 872, 873) has taken Cairo as one of the points

for his road on the Ohio river. The L. & N. rails do not reach Cairo; but nevertheless, for **comparative statistics** he takes the **most remote point,** and hence, these exhibits mislead. Again, Mr. Compton takes as his four points from this territory, Lookout, Dolive, Eleanor, and Monistee. Lookout is an extreme station in the Louisiana swamp, from which no lumber arises; Eleanor is an extreme point on the Florida Division; Dolive and Monistee are not to be found on the L. & N. maps, though Mr. Enochs knew where Dolive was, and it is on the extreme south. (R. V. II, 545, 6, 8). Yet these remote points are taken, for thereby the distance is increased, and the rate per ton per mile is lowered, and thereby the exhibits mislead.

This language of the Commission in this connection is particularly appropriate. In **Nat. Whol. D. Assn. v. N. & W. Ry. Co.,** 9 I. C. C. R., p. 114, it is said:

> "A comparison of the rate per ton per mile of one road with that of another is of little value unless based upon the actual tonnage carried of a particular kind of freight. If the rates of two different roads are the same on each class of articles, but one transports a larger proportion than the other of high class traffic, the other road will obviously have the higher average rate per ton per mile. It appears that the principal articles of freight transported by the N. & W. are coal, coke and minerals. For rate making purposes these are generally regarded as low class articles, and where they constitute the principal business of a carrier the average ton-mile rate will of course be comparatively low."

In **Atlantic Coast Line R. Co. v. State,** All Op. U. S. Sup. Ct., Oct. term, 1906, p. 108, 9, it is said: "We are aware of the difficulty which attends proof of the cost of transporting a single article, and, in order to determine the reasonableness of a rate prescribed, it may sometimes be necessary to accept as a basis the average rate of all transportation per ton per mile. We shall not attempt to indicate to what extent or what cases the inquiry must be special and limited."

By this standard with lumber (low class traffic) at 6.3, or at 7.2 per mills ton per mile, (V. II. 965) and the average of all freight of the Illinois Central being 5.91 mills, either would be unreasonable.

Neither the exhibits of the railroad companies, nor their evidence show what **proportion** of this traffic moves under the high and what under the low rate per ton per mile. The 4.5 mills average of Mr. Bowes is worthless as a standard, unless it is shown **what proportion** of the lumber tonnage moves to Evansville and to Louisville and to Cincinnati over Illinois Central rails. And not only what proportion so moves, but also, as against the public, that it was necessary that it should have moved over the longer haul. The reasons given by Mr. Bowes for carrying part of the lumber by the Illinois Central to these remote gateways, instead of to Cairo by the shorter line, are evasive and unsatisfactory; it was manifestly because thereby the Illinois Central got a longer haul, and preferred to do so (R. V. II, 564). Besides this, 4.5 mills of Mr. Bowes is conjecture (R. V. II, 563).

Mr. Bowes' Exhibit "A" (R. V. II, 846) so much relied on by adverse counsel below shows that the per ton per mile on yellow pine lumber from Texas (Long Leaf pine District) is much below this average of 5.59 mills per ton per mile. It shows as follows:

TO	RATE.	CHARGES PER TON PER MILE.
Cairo	16 c	4.4 mills.
Chicago	26 c	4.9
Peoria	25 c	5
East St. Louis	19.5c	5.1
Madison, Ill	19.5c	5.1
Indianapolis	26 c	5.2
Michigan City, Ind.	28 c	5.1
Columbus, Ohio	29 c	4.8
Cincinnati	27 c	4.9

These are the rates per ton per mile fixed under this agreed advance of two cents and upon the sixteen cent rate. They were fixed by the Texas roads under the circumstances recited in the letter of Mr. Cale, Chairman of the Southwestern Association Tariff Committee (R. V. II, 699-700), to Mr. Washburn, Chairman of the Southeastern Mississippi Valley Association, when this agreed advance was under negotiation, dated February 5, 1903, wherein he says:

> "You will no doubt understand from the foregoing that it was the intention of lines individually to advance the rates two cents per hundred pounds where it might be

deemed practicable to bring about such advance. This based on the fact that when lumber rates were last advanced by Texas lines the parity as between rates from southeastern territory and Texas territory was not strictly observed. In other words, higher rates were carried from Texas-producing points than were carried from the southeast under former adjustment; in other words, the Texas lines understand the agreement to be that they can carry the same rates if they deem it advisable so to do. The opinion, however, was pretty generally expressed that it was their desire to get the full advance of two cents from Texas-producing points to the territory named in the foregoing recommendation, but if this could not be done the members want it distinctly understood that they do not feel they would be violating any understanding if they should carry the same rates from Texas as apply from the southeast, based on the two-cent advance contemplated; but this adjustment may not comprehend an advance of two cents from all producing stations in Texas.

"In communicating the above I do so as chairman of the Southwestern Tariff Committee only. Matter of advance from Arkansas will, no doubt, be brought up at the next meeting of the Arkansas Freight Committee, which will convene at Hot Springs on Tuesday next, the 10th inst.

"Further, the undersigned has no voice in matters pertaining to rates from Louisiana points, so it would appear to him that it will be impossible to answer you intelligently with reference to advances from Arkansas and Louisiana until those lines are heard from.

"Yours truly,

"G. W. CALE, Chairman."

If, with the full permission of their several associates in this agreement to charge a differential of **two cents more** than the other lines, these Texas roads were content not to charge it, (R. V. II, 524), and to accept a per ton per mile of 4.4 mills to Cairo on this yellow pine lumber, such price was fixed by deliberate choice, and, therefore, manifestly profitable and reasonable.

In 1894 the cis-Mississippi lines, upon full consideration of the conditions west and east of the Mississippi river, made

Cairo the basic gateway, at a thirteen-cent rate, the then established rate from Arkansas, and this rate was continued in force until 1899, over five years.

It is contended, however, that this was a competitive rate, a "distress" rate, and, therefore, not a proper basis of adjustment. The facts we submit do not sustain this contention. Fortunately the case as then made was preserved, and it is made a part of the record in Mr. Gardner's evidence in this cause (R. V. II, p. 9-13). That the alleged depressed lumber market was not a factor is evidenced by the fact that the thirteen-cent rate to Cairo was made to adjust the relative rates between the east and west sides of the Mississippi river. The depressed lumber market, if any, would have effected the lumber manufacturers west as well as east, and if because of distress in the lumber market would have called for a reduction on the west side below thirteen cents. The testimony of Mr. Enochs shows that the effort was to obtain a market for the whole product of the mills east of the Mississippi river, and which, up to that time, had marketed only car sills and other structural timber north of the Ohio river, and to thereby put them on a parity with the mills on the west side. The object was to widen the area of the mill product, to expand the manufactured product as well as the territory for its commerce. The rate, thirteen cents, was then the normal rate of the Arkansas lines, established freely and voluntarily, and in the absence of competition by the cis-Mississippi roads, and therefore, should be the fair measure of reward for the service to the public.

There was no compulsion of the lines east of the Mississippi to adopt the basic, blanket theory in 1894 for the solution of this situation. It was their own voluntary device. No complaint is now made by complainants of this theory, and defendants, and especially Mr. Bowes, commend it (R. V. II, 491).

It is to be particularly noted that the rates to many points in the territory north of the Ohio river, as shown by the old tariffs, exhibit to Enochs' evidence (R. V. II, 639, 40), were lower in 1889-1893 than now, and they are, in many instances, just the amount of the recent two cent advance complained of; and this evidences that, if predicated upon a through rate, the fourteen cent rate to Cairo is a reasonable basis. Mr. Bowes was repeatedly asked whether as the Traffic Manager of the Illinois Central Rail-

road he would say that the conditions of 1889 should be made the basis for rates in 1902, and he would not commit himself to such a theory. (Enochs' R. V. II, 150, 1.)

The evidence does not sustain the theory that the rates of 1889, or those of 1893, should now prevail. The record shows marked improvement in the methods of operation, in the capacity of the cars, locomotives, bridges, rails, roadbed, grades and curvatures, so that as Mr. Enochs (R. V. II, 151, 2) testifies, a locomotive now on the I. C. Railroad could haul as much tonnage in one-half the cars as could have been done in 1893, and that its locomotives could now haul 50 per cent more tonnage than they could haul then.

It was contended that the years 1894-1899 were years of commercial and railroad depression, as an excuse for the rate, —thirteen cents,—then prevailing. This we have refuted, **supra**.

The evidence of Mr. Fish is that the Illinois Central (R. V. II, 462, 3) has and has had for years more traffic offered than it could haul; and that it has bought additional locomotives and equipment as fast as it could to try to handle this increased and increasing traffic. The evidence and the reports of the several railroads show the same thing.

The Commission reviewed the claim that the country was in 1902 suffering from commercial depression, and, also, the effect of the advance of wages, materials, etc., as factors whereby the grain rate should advance two cents, **In re Proposed Advances of Freight Rates,** 9 I. C. C. R., p. 382, and therein will be found a full exposition of the subject and an answer to this contention.

In **Grain Shippers Assn. v. Illinois Central R. Co.,** 8 I. C. C. R., p. 158, the Commission had under consideration a petition to require a reduction of two cents in grain rates, and the reduction was ordered. There the Commission had under review this period of depression, and its effect upon the Iowa branch lines of the Illinois Central, and it was there declared that this railroad depression existed from 1893 to 1897, but that in 1898 these Iowa lines had recovered; and, after finding that the roads could pay 4 per cent on $43,000 a mile, or 4 per cent upon more than enough to reproduce the property itself, the reduction of the two cent advance was ordered.

Thus, for five and one-half years the thirteen-cent rate to Cairo was charged by lines on both sides of the Mississippi river.

The Arkansas lines, however, while performing the same service, under similar conditions as the Mississippi lines, contended that they were entitled to a two-cent differential on lumber. After the blanket basic adjustment in 1894 the Arkansas lines **evaded the agreement** by allowing these tap line divisions, and were willing, voluntarily, to perform the service for as much less than thirteen cents as the tap line allowances amounted to.

This thirteen cent rate was advanced in 1899, after the commercial and railway conditions had been settled for more than a year, by adding one cent south of the Ohio river and one cent north of the Ohio river; thereby making the rate fourteen cents to Cairo, and ten cents from Cairo to Chicago, or twenty-four cents to Chicago; and thereby adding the gross advance of two cents per hundred to Chicago.

This rate of fourteen cents was in force from 1899 to 1903, or four years, as the fixed, reasonable return for the service. This tariff of April 15, 1903, makes the rate sixteen cents to Cairo and this is an advance of two cents **applicable entirely south of the Ohio river;** or, an advance of three cents south of the Ohio river since 1898, and of four cents to Chicago since 1894. It is to be noted that this advance in 1899 was made more than a year after all of the effects of commercial and railroad depression had passed and under normal conditions. Practically, the same conditions as to prices for lumber prevailed in 1903 as in 1899. This is set at rest by the Illinois Central's contracts for lumber filed as exhibits with Enochs' evidence, whereby the Illinois Central contracted for lumber at the same prices since 1899 (R. V. II, 169-170).

The advance of 1899 of one cent south and one cent north of the Ohio was fixed, voluntarily, by the carriers on both sides of the Mississippi river, and must be presumed to have been then a reasonable return for the services rendered.

This increase of two cents per hundred on the fourteen cent rate was an increase of 14 2-7 per cent. in the rate on lumber, (R. V. II, Ex. B, 614, 178), and was an increase of about $1,000,000 **per annum** imposed upon the mills in complainant's territory alone; and, in addition to what is admitted by defend-

ant's answer to be a profitable rate. The answer says of this fourteen cent rate, "Respondents admit that under previously existing rates, lumber was carried at a profit, but respondents aver and say that it was not an exceedingly profitable commodity."

There is no foundation in law or in fact for the profit of the carrier upon any freight being "exceedingly profitable."

It is inconceivable that an increase of 14 2-7 per cent. on what was already a profitable rate should not be unreasonable. If applied to the whole net revenue of the Illinois Central for 1902-3 it would increase its already plethoric net revenue by $4,370,399.18. (R. V. II, Ex. B, 614, 178.) The per cent. of advance from thirteen cents to sixteen cents is 23 per cent., which upon the gross revenue from freight of the Illinois Central 1902-3, would yield $7,059,714.07 (R. V. II, 178, 614).

Tested by the standard of Illinois Central, the basic line east of the Mississippi river, the fourteen cent rate was more than reasonable, though no complaint is made of it. The annual report of the Illinois Central to its stockholders, 1902-3, shows that the **average rate** per ton per mile on all revenue freight was 5.91 mills per ton per mile (R. V. II, 179). No charge in this was made for the haul of company material; but it was covered in operation expenses. The company freight, for which no charge was made, was 13.98 per cent. of the gross revenue freight tonnage. In every average train load of 288.19 tons there was 46.85 tons of company material in 1902-3, evidencing the abnormal extent of improvements in double tracking, eliminating of grades and curvatures, etc., and thereby increasing expenses for permanent improvements and decreasing net income. For the years 1901-2 this exaction was 15.37 per cent.

Taking as a basis this average of the Illinois Central of all commodities of 591 mills per ton per mile, and applying the rule announced by the Commission in **Marten v. L. & N. R. R. Co.**, 9 I. C. C. R., 589, "Lumber is inexpensive freight and much below the average in cost of transportation, while only a few other commodities furnish to carriers a larger tonnage. For these reasons, among others, it is universally accorded rates of transportation that are relatively low," and this supported by the annual report of the Southern Railway for 1905, p. 16, referring

to the classification of tonnage, says, "The low class of traffic hauled, such as products of mines, products of forests, iron—pig and bloom, nails, cement, brick, lime, etc., constituted," etc. This quotation is admitted to be correct. Stip. Par. XXIII, (R. V. I, 432) and the Commission and the Court has so found, and, hence, the rate per ton per mile on lumber should be below the average rate of 5.91 mills.

The rate per ton per mile via the Illinois Central, the basic line, to Cairo from McComb City on the Illinois Central, and from Hattiesburg on the Gulf & Ship Island, admittedly representative points, at sixteen cents, less two cents bridge toll, is 6.4 and 6.3 mills per ton per mile (Op. Com., R. V. II, 966); or, an increase of five per cent. over the **average** of **all** revenue freight. At fourteen cents, less two cents for bridge arbitrary, owned by Chic., St. Louis & N. O. R. R. Company, the rate per ton per mile would be 5.37 mills, or .086 mills below the average of all commodities. When we consider that the rate per ton per mile on cement frow New Orleans is 2.82 mills, and on coal, 3.60 mills per ton per mile, (Centralia to N. O., I. C. C., No. E., 264) and on pig iron, 3.60 mills (Robinson's Ev., R. V. II, 94, 57), these last two being admitted by Judge Baxter in argument in the Georgia case to be substantially similar commodities to lumber, it is apparent that lumber is above its companion commodities at the fourteen cent rate with 5.37 mills per ton per mile.

The Commission holds (R. V. II, 998) in confirmation of the evidence of Mr. Enochs and Mr. Gardiner, **supra:**

> "II. As said in **Marten v. L. & N. R. R. Co.,** 9 I. C. R. R., 589, and shown by the proof in this case, 'lumber is an inexpensive freight and only a few other commodities furnish to carriers so large a tonnage.' The lumber business is constant, yielding the carriers revenue all the year; no special equipment is constructed or furnished for its carriage; it is loaded by the shipper and unloaded by the consignee, and where open cars are furnished, the shipper is required at considerable expense to equip them so as to protect the load and the train; there is small risk incident to its transportation and, in case of accident, the damage is insignificant. For these reasons lumber should be given rates which are relatively low."

As shown by the Division Sheets, exhibit to Mr. Gardiner's evidence, and comparison of earnings of Illinois Central Railroad and Gulf & Ship Island Railroad, to Cairo, Ill., on the fourteen cent and sixteen cent basis, the Gulf & Ship Island received of the fourteen cents and sixteen cent rate seven cents for an average haul of eighty miles, or, $1.40 per ton, or, 1.75 cents per ton per mile (Op. Com., R. V. II, 965). The Illinois Central received for 366 miles of the fourteen cents, seven cents, less two cents bridge, makes five cents, or, 3.8 mills per ton per mile. Thus, by voluntary agreement the Illinois Central was willing to carry one-half of its lumber to Cairo at this rate, about the same rate as on cement, and to pay the Gulf & Ship Island this extraordinary per ton per mile of 1.75 cents for the privilege of doing so. "Transportation by rail is a service of quasi-public nature, not to be sold to the highest bidder, nor subject to the law of supply and demand." **Proposed Adv. Freight Rate, supra,** p. 405.

In **Nat. Wholesale Lbr. Dealers Assn. v. Norfolk & W. Ry.,** 9 I. C. C. R., p. 115, it was held that the division of the lumber rate of the Penn. R. R., "exceeds the standard of reasonableness." There the distance from Hagerstown to New York was 271 miles, for which the Penn. R. R. received a division of thirteen cents, p. 102; while, for an average of eighty miles the Gulf & Ship Island receives seven cents.

Mr. Barnett, formerly general freight agent of New Orleans & Northeastern R. R. Co., and familiar by long experience with these matters, testified (R. V. II, 533-4) that as between coal and cement and lumber that lumber was largely more profitable. He prepared a comparative statement, exhibit to his evidence, of the rates, value, etc., of the principal commodities moving north from New Orleans, viz., sugar, salt, naval stores, rice, tropical fruits, etc., with lumber, and lumber stood unreasonably high in the classification as a revenue producer.

Mr. Barnett's Ex. (R. V. II, 682-3) shows a comparison between rates on coffee, sugar, rice, molasses, cement, salt, naval stores, tropical fruits, and lumber products of the South, the principal freights of Illinois Central (R. V. II, 492) as follows:

Rate from New Orleans to Chicago—

Coffee.	Rice.	Molasses.	Cement.	Salt.	Rosin.	Lumber.
22c	28c	25c	13c	19c	25c	26c

Under the twenty-six cent rate it costs $5.20 to transport a ton of yellow pine lumber to Chicago. To transport a ton of cement from New Orleans to Chicago costs $2.60 a ton. To transport a ton of coal from Birmingham to New Orleans, 349 miles, costs $1.25 (R. V. II, p. 95).

By Mr. Enochs (R. V. II, 170, 1) it was shown that of the three classes of yellow pine lumber the value of the low grade was less than the freight; that of the medium, about equal to the freight; and that of the high grades in excess of the freight; and also the loading of yellow pine lumber.

By Ex. 18 (R. V. II, 625-31), Mr. Enochs showed from actual transactions in his own business the relative amounts and freight earning capacity of the tonnage of divers common commodities, such as cypress lumber and shingles, oak lumber, coal, sash weights, window glass, cement, lime, fertilizer, cotton seed meal and hulls, live stock and furniture, compared with yellow pine lumber, whereby is shown (R. V. II, 625) that with fifteen cars cypress 81.11 per cent. of car capacity was used; value of cargo, $28.75 per M; proportion of freight to value, on twenty-six-cent rate, 24.54 per cent.; same, on thirty-one cent rate (that being the rate used on Niagara Falls Ex. of **yellow pine**) (R. V. II, 536, 623) 27.91 per cent. With oak lumber 78.47 per cent. (R., Id., 626) of car capacity was used; price $60.18 per M; proportion of freight to value on twenty-six cents rate, 16.21 per cent. Cypress shingles, 67.75 per cent. of car capacity utilized (R., Id., 626); proportion of freight to value 39.60 per cent. Sash weights, 63.38 per cent. (R., Id., 626) of car capacity was used; proportion of freight to value on twenty-six cent rate, 20.50 per cent. Window glass, car capacity used, (R., Id., 627) 70 per cent.; proportion of freight at twenty-six cent rate to value, 8.25 per cent. Cement, (R., Id., 627), car capacity used, 63.32 per cent.; proportion of freight to value, 37 per cent. Lime, car capacity used (R., Id., 628), 44.32 per cent. Fertilizer, car capacity used, 66.79 per cent. (R., Id., 628), Live stock, car capacity used, 40.6 per cent.; proportion of freight to value, 10 per cent. (R., Id., 629). Cotton seed hulls, car capacity used, 45.93 per cent. (R., Id., 629.) Cotton seed meal, car capacity used, 55 per cent.; proportion of freight to value, 4 per cent. (R., Id., 630). Coal, shipped from

Sturgis, Ky., to Jackson, Miss., car capacity, 35 tons average; (R., Id., 630); car capacity used, 86.31 per cent.; freight yield per car, $48.34. If lumber was returned to Sturgis from Jackson, the rate being twenty-one cents per hundred, it would only take 11.5 tons of lumber to yield $48.34; with 30.21 tons, the average load of lumber, each car would have earned $126.88 per car; excess in favor of lumber, $78.54. Furniture, car capacity used (R. V. II, 630), 28.33 per cent. (instead of 44.23 per cent. as miscopied on the exhibit); average earned per car between Chicago and Jackson, Miss., at eighty cents per hundred, $106.02. With lumber at twenty-four cents, loaded on the same cars, of 60,000 pounds capacity (as per loading average claimed by Mr. L. Green (R. V. II, 215) to 83.3 per cent. stenciled capacity) each car would yield $119.95, or an excess of $13.93 per car, in favor of lumber. Total average loading of these thirteen commodities shows 60 per cent. of stenciled capacity. The opinion of the Commission (R. V. II, 985) confirms as correct these exhibits.

By Mr. Enoch's evidence the average loading and earning capacity per car is given on compressed cotton, cottonseed oil and live stock as compared with yellow pine lumber, viz. (R. V. II, 540, 633, 4.):

Compressed cotton exhibit shows the rates on cotton and lumber from Jackson, Miss., to ten representative points in Central Traffic Territory, the average of the rates on cotton being 51.9 cents per hundred; on lumber, 29.65 cents per hundred, or 11.75 per cent. higher on cotton than on lumber. The best average loading of cotton upon said exhibit shows 51.6 bales, or 25,800 pounds; or, 40.23 per cent. of the box car capacity of the Illinois Central in 1903, or, 12.60 tons per car; therefore, with lumber loaded to 22.05 tons, or 44,100 pounds per car, its earnings equal the average car load of cotton. Compared with Enoch's lumber loading of November, 1903, 52,000 pounds per car, cotton earns, per car, as 100 is to 117 per cent. in actual performance (R. V. II, 633).

Cottonseed oil, two cars, average weight, 48,500 pounds, at twenty-five cent rate, earned $121.25; twenty-two cars of oil shipped from Laurel, 1902-3, average weight, 52,630 pounds per car; if shipped to Chicago on twenty-five cent rate, per car, $131.-

57, or $2,894.54; the same tonnage in lumber between same points at twenty-five cent rate, a four per cent. higher rate than cotton seed oil, gives $2,557.28, or $663.04 in favor of lumber. Compared with exhibit showing twenty open cars of lumber from Fernwood, $198.14 per car, (Id. 625) we have $78.62 per car in favor of lumber on this open car traffic. (R. V. II, 632).

The exhibit of Mr. Enochs of comparison of double loaded lumber and live stock shipped to St. Louis (R. V. II, 631, 290), shows seven double loaded cars of lumber and six cars live stock, wherein:

Lumber, earned per car, average	$94.18
Cattle, earned, per car, specific	75.00
Excess in favor of lumber per car	$19.18
or 25.57 per cent.	

If Mr. L. Green's average for lumber car loading be accepted, 83.3 per cent. of stenciled capacity, (R. V. II, 215) we would have the earnings on lumber per car of Illinois Central to Chicago as follows:

Stenciled Capacity.	Per Cent. Used.	Lbs.	Rate.	Earned Per Car.
40,000	83.3	33,320	24c	$ 79.96
50,000	83.3	41,650	24c	99.96
60,000	83.3	49,980	24c	119.96
80,000	83.3	66,640	24c	159.93
100,000	83.3	83,300	24c	199.98

The earnings per car from Chicago to New York, the same distance as from New Orleans to Chicago was found in **Proposed Advance in Freight Rate Case,** 9 I. C. C. R., p. 99, to be as follows:

Packing house products, per car	$ 90.00
Dressed beef, per car	99.00
Grain, 65,000 lbs., per car	113.75

When the difference in the character of the traffic, as between lumber, and dressed beef, and packing house products, and live stock, and cotton oil, etc., is considered, it is manifest that this twenty-four cent rate to Chicago was an exceedingly liberal one to the carrier.

If the principle upon which the local lumber tariff No. 741 of Ill. C. R. R. Co., from New Orleans to within twelve miles of Cairo Junction (see exhibit 21 to Mr. Enoch's evidence) (R. V. II, 635, 543; certif. E. A. Moseley, R. V. I, 490-1) is accepted as a proper basis for making rates, then that shows that the Ill.C. R. R. Co. increases its rate on local shipments of lumber from the initial point in this ratio:

Over 5 to 10 miles, an increase of 1c for 5 miles,
Over 10 to 50 miles, an increase of 1c every 10 miles,
Over 50 to 240 miles, an increase of 1c every 20 miles,
Over 240 to 320 miles, an increase of 1c every 40 miles,
Over 320 to 550 miles, an increase of ½c (blanket for 230 miles.

Cairo Junction is 562 miles from New Orleans. So the local tariff is made on the principle that the increase of the rate decreased in proportion to an increase of the distance.

This local tariff shows that after transporting 100 pounds of lumber 320 miles over its own line, it is profitable to transport it a blanket distance of 230 miles at one-half cent per hundred.

If application of this local tariff basis is made to through shipments of lumber over the whole line of the Illinois Central treating it, according to former practice, as a continuous line, it would result that the through rate from McComb City to Chicago should be 21c, and to Dubuque, Ia., 21.5c, and to Iowa Falls, Ia., 22c.

Thus:

McComb City to Chicago, distance ..... 818.36 miles
Local tariff No. 741 for 320 miles ..... 19.5c for 320 miles
At ½c for each 230 miles of 498 miles ..... 1.5c for 498 miles

Total rate to Chicago on local tariff basis .. 21c

McComb City to Dubuque, over I. C. R. R. ..... 904 miles
Local tariff for 320 miles ..... 19.5c for 320 miles
½c for each 230 miles of 584 miles ..... 2c for 584 miles

Total rate Dubuque on local tariff basis 21.5c

McComb City to Iowa Falls over I. C. R. R. ..... 1171 miles
Local tariff for 320 miles ..... 19.5c for 320 miles

½c for each 230 miles of 851 miles ..... 2.5c for 851 miles

Total rate upon local tariff basis to Iowa City, Ia. 22c

The cottonwood and gum tariff, effective Oct. 5, 1902 (R. V. II, 600—699) of Yazoo & Mississippi Valley Railroad with Illinois Central Railroad, in connection with nearly every railroad in this territory, fixes the rate to Cairo at ten cents, to Evansville, ten cents, to Cincinnati thirteen cents, to Chicago sixteen cents, from every place on Y. & M. V. R. R. in Mississippi, both north and south of Vicksburg, including Harriston, Miss., Hamburg, Miss., Roxie, Miss., (**Id.** 606), and other interior places in Mississippi. The same tariff shows a rate from Hanson City, La., to Chicago, twenty cents, to Cincinnati, eighteen cents, to East St. Louis, fifteen cents, and from Vicksburg, Miss., to Indianapolis, Ind., twenty cents. Under this tariff from Hanson City, La., to Chicago, it appears (**Id.** 699, 68):

Cottonwood rate to Chicago, 20 cents for 913 miles.
Yellow pine, rate to Chicago, 26 cents for 807 miles.
Cottonwood, rate, per ton per mile.....438 mills.
Yellow pine rate, per ton per mile.....644 mills.
A ton of cottonwood yields.....$4.00 freight
A ton of yellow pine yields..... 5.20 freight
or, 47 per cent. more on yellow pine lumber than on cottonwood.

Under the twenty-six cent rate it costs $5.20 to transport a ton of yellow pine lumber to Chicago. To transport a ton of cement from New Orleans to Chicago costs $2.60 a ton. To transport a ton of coal from Birmingham to New Orleans, 349 miles, costs $1.25 (R. V. II, 95).

A comparison of the freight on a ton of lumber from Redwood, Miss., (near Vicksburg) and a ton of lumber from Jackson, Miss., to Kensington and Peoria, Ill., via Y. & M. V. R. R. and Illinois Central, shows (R. V. II, 614):

A ton from Redwood yields $3.60;
A ton from Jackson yields $5.20.
A ton of cypress lumber from Lutcher, La., to St. Louis yields $2.40, while a ton of yellow pine lumber yields to the same point, $4.00 (R. V. II, 614).

Exhibit 17 to Mr. Enochs testimony shows (R. V. II, 625), that on twenty cars of yellow pine lumber shipped just prior to April 15, 1903, the loading was 102 per cent. of the stencilled capacity of cars, and that at the twenty-four cent rate, they yielded, per car, $182.91 freight.

The rate per ton per mile on coal on Illinois Central is less than four mills. Bowes, R. V. I, 141.

Many other like illustrations are furnished by the record and exhibits.

The Illinois Central and others, in answer to the petition before the Commission, state: "Respondents admit that under previously existing rates" (fourteen cents) "lumber was carried at a profit, but respondents aver and say that it was not an exceedingly profitable commodity."

So, when the Illinois Central admits that it was carrying this lumber under the rate yielding as to 50 per cent. (Gulf & Ship Island part) 3.8 mills per ton per mile at a profit, and Mr. Bowes admits in his evidence (R. V. II, 487) that it was profitable, it could not be justified in increasing a rate yielding 6.3 mills per ton per mile, by the sum of two cents per hundred pounds.

The per ton per mile on yellow pine lumber, via Illinois Central or New Orleans & Northeastern was, as found by the Commission, as follows (R. V. II, 965):

From Hattiesburg—				From McComb City—			
To	Miles.	Rates.	Rates per ton per mile.	Miles.	Rates.	Rates per ton per mile.
Cairo	432	16c	7.4 mills.	444	16c	7.2 mills.
Evansville	578	22c	7.6 mills.	584	22c	7.5 mills.
Louisville	622	21c	6.7 mills.	643	21c	6.5 mills.
Cincinnati	709	23c	6.4 mills.	757	23c	6 mills.

Under the rates in force prior to April 15, 1905, the per ton per mile was as follows:

To Cairo, 6.4, from Hattiesburg; and 6.3 from McComb City

Hattiesburg and McComb City were found to be representative points by the Commission.

The Commission, in its wide experience, finds Peoria, Indianapolis, Columbus and Chicago as representative points in Central Association territory upon which to base the per ton per mile on lumber. There is no attempt to disprove by any additional evidence that they are representative points and show a fair average. Lumber to these points by the shortest available lines from representative shipping points in Mississippi, Alabama and Louisiana, east of the Mississippi river, produces, as found by the Commission a per ton per mile as follows:

To Peoria.....6.45 mills per ton per mile,
To Indianapolis .....6.77 mills per ton per mile,
To Columbus.....6.25 mills per ton per mile,
To Chicago .....6.07 mills per ton per mile.

The average per ton per mile propounded by counsel was 5.59 mills. There is no evidence to show that Peoria, Indianapolis, Columbus and Chicago are not fair representative points for the movement of lumber. Counsel below conceded these to be representative points. The vice of this 5.59 per ton per mile is that it is based on an **average**, and whereby the longest haul is made to measure the reasonableness of that rate of the shortest line. The **average** earnings of the citizens of Washington might make a reasonably fair income for the average man; but this average is of little value as a standard, if one man of the 200,000 population earned $100,000,000 per annum, and the 199,999 men earned $100 per annum. There is no evidence tending to show that the Commission's and the Court's finding on this proposition is not correct.

These places, and this per ton per mile so found by the Commission, must stand until they were disproven. Therefore, the average per ton per mile on yellow pine lumber, having been confirmed by the Circuit Court, must stand as found, 6.38 mills per ton per mile from Hattiesburg and 6.1 from McComb under the 14c rate. (R. V. II 966.)

This is far in excess of what would be reasonable, though it is not complained of. Concededly, lumber is far down in the classification of freights—it is low class traffic, much below the average, but as a rate bearer it is made above the average.

The average per ton per mile of the Illinois Central,

on all classes of traffic, for 1903, was 5.91 mills; for 1904, 6.07 mills (Illinois Central An. Rep., 1904, p. 14, table 7); for 1905 (Illinois Central An. Rep., 1905, p. 14, table 7), 5.89 mills; so, with 6.38 or 6.10 mills on lumber, lumber exceeds the average. (Note V. I, 432, par. XXIV of stipulation admits these figures.)

It was claimed in argument that 559 was as low per ton per mile as could be found in the United States, but this is an error. The exhibit to Mr. Gardiner's evidence (R. V. II, 660, **et seq.**) shows a number of rates per ton per mile much below 559 mills.

For example, Kirbyville, La., at eighteen cent rate, 327 mills; Silsbee, Tex., 337 mills; Beaumont, Tex., 33 mills; Lumber City, Ga., to Cairo, 359 mills; Empire City, Ga., to Cairo, 380 mills; Baxley, Ga., to Cairo, 35 mills; Pinero, Ga., to Cairo, 353 mills; Heart Pine, Ga., to Cairo, 365 mills (R. V. II, 661).

Comparison of the service rendered by the Illinois Central for one cent per hundred pounds of lumber, **north** and **south of the Ohio,** for the Cairo and Chicago rates, shows that **much less service** is rendered **south** of the Ohio river than **north** for the **same price.**

Under the twenty-two cent rate the number of miles hauled north of the Ohio and south of Ohio for one cent was equal; under the twenty-four cent rate the haul was 1.1 miles longer south than north. Under the twenty-six cent rate the haul for one cent is 4.4 miles less south than north. Thus:

CAIRO JUNCTION TO CHICAGO.

Chicago Division

Rate.	North.	Miles.	Miles.	
22c	9c	361	40	100 lbs. is carried for 1c
24c	10c	361	36.1	100 lbs. is carried for 1c
26c	10c	361	36.1	100 lbs. is carried for 1c

McCOMB CITY TO CAIRO JUNCTION.

Southern Division

Rate.	South.	Bridge.	Miles	Miles.	
22c	13c—2c-11c		444	40	100 lbs. is carried for 1c
24c	14c—2c-12c		444	37	100 lbs. is carried for 1c
26c	16c—2c-14c		444	31.7	100 lbs. is carried for 1c

Thus, the same railroad, under this twenty-six rate, sells 4.4 more miles of service north than it does south of the Ohio river for the same price. This shows that the fourteen cent rate to Cairo, and the twenty-four cent rate to Chicago was ample; for this rate still stands north of the Ohio, i. e., 36 miles for one cent, while south the price has increased, so that only 31.7 miles are sold for 1c, a decrease of about thirteen per cent. This advance of two cents showed an **increase in the rate of** $14\frac{2}{7}$ per cent., (Ex. B, R. V. II, 614), and these figures show a **decrease of 13 per cent. in the mileage sold** for the same price south of the Ohio.

The haul is continuous by the Illinois Central, and the originating division south of the river bears all the expenses of loading, etc., and the whole bridge charge at Cairo, of two cents, is deducted from the division south of the river. (R. V. II, 481.)

Mr. Robinson testified, without contradiction, that the rate per ton per mile on coal from Birmingham to New Orleans was 3.60 mills per ton per mile; on pig iron, 3.60 mills per ton per mile; on cement, 2.82 mills per ton per mile. (R. V. II, 94, 5.)

In **Proposed Advance in Freight Rates** case, **supra,** a rate per ton per mile on grain of 3.88 mills was found to be very profitable. Grain should bear a higher rate per ton per mile than lumber, as there is more risk in transportation, and a greater degree of care is necessary both in the use and character of cars and their management.

The evidence, Enochs (R. V. II, 173), shows these advantages for yellow pine lumber as traffic.

(1st) Low value; (2d) heavy tonnage; (3rd) low cost of handling; (4th) constancy of the traffic; (5th) slow moving freight; (6th) adaptability of all equipment to its movement; (7th) indestructibility; (8th) no damage claims; (9th) no special cars are designed for lumber;—grain and coal cars, designed primarily for those articles, and with lumber for the return, or complement, haul—the cars being used for a two-way haul; (10th) long haul loads; (11th) full trains—thereby giving a distribution of rolling stock; (12th) Mr. Hudson's statement that ten years ago 64 per cent. of the cars came out of New Orleans empty, and that now

cars had to be hauled south empty for import business; (13th) that by Interstate Commerce report for 1901, p. 67, the freight car mileage for the year ending June 30, of loaded cars and empty cars is in favor of group 5; (14th) shippers load and no station expenses; (16th) use of open cars, and shipper required to make equipment capable of transporting freight by stakes, etc.

The statement made by Mr. L. Green, of the Southern (Ex. 9, R. V. II, 903), to show the rate per ton per mile on lumber in other parts of the country is misleading, in that he states that there was movement between some of the points named and between others there was no movement. Examination shows that between nearly all of the points named there was no movement, and that the rates as a rule were paper rates, and its correctness is controverted. (Enoch's R. V. II, 549.)

The comparison with the lumber rates recited in the **Norfolk & Western** case, 9 I. C. C. R., p. 93, shows that even with lumber moving east over the mountains there was a rate to New York of less than that of twenty-four cents to Chicago. And **Id.,** p. 31 it is said:

> "Rates to New York City from Saginaw, Muskegon, Grand Rapids and Manistee, Michigan, and Logansport, Elkhart, Fort Wayne, Indianapolis, Ind., together with the length of the haul in each instance, were introduced by complainant for the purpose of comparison with the N. & W. rates. The length of the haul from each place named is greater than from any point on the N. & W., and it will be found, under the rule of decreasing rate per ton per mile with increasing distance, that lumber rates from these Indiana and Michigan points are relatively much less than those from N. & W. points, and somewhat less than those from either C. & O. or B. & O. points."

The rates referred to are as follows. **Id.,** p. 93 (R. V. II, 527):

Distance Miles.	Point of Shipment.	Dest. N. Y. City.	Rate in Cents.	Rate per ton per mile.
753	Saginaw, Mich.	"	21	558 mills.
843	Muskegon, Mich.	"	22	552 mills.
805	Grand Rapids, Mich.	"	22	547 mills.

902	Manistee, Mich.	"	24	532 mills.
834	Logansport, Ind.	"	24	576 mills.
848	Elkhart, Ind.	"	24	566 mills.
764	Fort Wayne, Ind.	"	22½	589 mills.
825	Indianapolis, Ind.	"	23	558 mills.

In **Proposed Advance in Freight Rates,** 9 I. C. C. R., 396, it is said:

> "The rate per ton per mile, while often instructive, is not by any means a fair index of a reasonable rate. The cheapest traffic is frequently most profitable to the carrier."

And the Chesapeake & Ohio for 1901 was instanced as having over its whole system an average rate of 3.88 mills per ton per mile, and that on this basis its net earnings yielded 6 per cent. on a capitalization of $60,000 per mile. Says the Commission, "indeed it is usually a question, not of the absolute rate, but of the conditions under which the traffic is handled."

Mr. Enochs preserved some of the old tariffs 1889-1903 of the Illinois Central, and they were put in evidence as Exhibit 20. At the request of Judge Prouty he made and filed tabulations therefrom, and for reference they are made appendices A, B and C to this brief. (R. V. II, 639, 40; see certificate Edw. A. Moseley, Sec'y. of Com., R. V. II, 486-491.)

Appendix A (R. V. II, 639) shows:

That by the tariff of the Illinois Central and connections, dated Aug. 19, 1889, No. L. 955, to fifty stations named thereon, the rate in 1889 was 26c and that of April 15, 1903 (I. C. R., B., 8110), 29c, an excess of 3c in the present rate (R. V. I., 486);

That by Tariff No. M 100, dated March 3, 1892, Ill. Cen. with C. C. C. & St. L. to thirty named stations thereon, the rate was 20c, the present rate an increase of 2c. That by tariff No. M 253, May 21, 1893, same roads, stations taken twenty-seven, old rate 23c, present rate 24c-26c, an advance 2c-3c (R. V. I, 486);

That by Tariff No. M., 42, dated Sept. 22, 1892, Ill. Cen. with O. & M. R. R., to forty-two named stations there was a rate of 22c and 23c, present rate 24c and 26c, increase 2c-3c (R. V. I, 487);

That by Tariff No. M., 30, dated Sept. 9, 1892, Ill. Cen. with St. L. & T. H. R. R., to fifty-three named stations, old rate 20c, present rate 20c to 23c, increase 3c (R. V. I, 487);

That by Tariff No. L., 3571, dated Aug. 24, 1892, Ill. Cen., with Minn. & St. L. R. R., C. M. & St. P. R. R., stations taken fourteen, old rate 29c, present rate 33c, increase 4c; same, stations taken thirty-seven, old rate 29c, present rate 30.5c, 33c, 30c, 33c, increase 1c to 4c; same, with C. G. W. R. R., stations taken forty, old rate 29c, present rate 33c, increase 4c; same, with C. B. & N. R. R., stations taken 37, old rate 27c, present rate 33c, increase 1½c to 4c (R. V. I, 487);

That by Tariff No. M., 54, dated Otober 4, 1892, Ill. Cen. with C. & N. W. R. R., stations taken sixty-four, old rate 26c, present rate 26c to 29c, advance 3c (R. V. I, 487);

That by Tariff No. M. 54, dated Oct., 4, 1892, Ill. Cen. with C. & N. W. R. R., stations taken 64; old rate 26c, present rate 26c to 29c—advance 3c. (R. V. I. 487.)

That by Tariff No. M. 81, of Ill. Cen. with Wabash, between Toledo and Woodburn, Ind., stations fourteen, old rate 26c, present rate 30c, advance 4c; same, between New Haven, Ind., and Peru, Ind., stations twenty-four, old rate 25c, present rate 27c-31c, advance 2c-6c; same, to Logansport, Ind., old rate 24c, present rate 27c, advance 3c; same, Detroit and other stations, stations taken forty-five, old rate 24c, present rate 30c, advance 6c (R. V. I, 488);

By Tariff No. M. 82, Ill. Cen. with Mich. Cen. and Wabash C. & W., between Willow Creek, Ind., to Detroit, stations four teen, old rate 24c, present rate 28c-30c, advance 4c-6c (R. V. I, 488); By Tariff No. M. 258, Ill. Cen. with C. B. & E. R., stations taken ten, old rate 24c, present rate 26c, advance 2c (R. V. I, 488);

Appendix A, by these tariffs of 1889-1893, shows by the 533 stations taken, that the rate is from 2c-6c higher under this advance than it was then.

By Appendix B hereto (R. V. II, 640; V. I, 489) is shown a compilation of the sheet tariffs to individual stations in 1892-3, and thereby it appears that this advance rate, under I. C. R., R. B., 8110, varies in increase from 1.5c-7c over these rates in 1892-3. The rate to Indianapolis in 1893 is shown by this Appendix B, to have been 21c, while the present rate is 26c; thus illustrating clearly the effect of these advances.

Appendix C hereto (R. V. II, 640; V. I, 488-9) is a comparison of Tariff No. M. 24, of Illinois Central, effective Sept. 29, 1892, with I. C. R., R. B., 8110, the tariff of the present advance. It takes seventeen representative points out of the 403 there listed, and it shows that the present rate is from 2.5c to 8c in advance of the rates in 1892. It also shows that the then rate to Cairo was 15c; to Chicago, 24c; and thus, that the basing on Cairo, with locals added beyond, was not then the basis of the rate. These tariffs are especially instructive as to the rates in force from 1889 to 1893, and were made as the **independent judgment** of the Illinois Central before the basing blanket scheme was devised, and without reference to agreements.

The further comparison of cottonwood and gum with yellow pine lumber rates is also instructive (R. V. II, 600-609).

By Ill. Cen. Tariff, I. C. R. R., 1671, **effective Oct. 5, 1905,** the rates upon cottonwood from a great number of stations, many of them without possible water competition, shows that with a rate of 20c from Hanson City, La., to Chicago (913 miles) cottonwood yields 4.38 mills per ton per mile (R. V. II, 609); and at 26c from McComb City (807 miles) yellow pine lumber yields 6.23 mills per ton per mile;

By Sup. 32 to N. 1627, I. C. C., 1220, **effective June 2, 1902,** (see certif. E. A. Moseley, Sec'y., R. V. I, 489) on gum and cottonwood, from stations on A. & V. Ry., and N. O. & N. E. Ry., with C. B. & Q. Ry. and M. & O. R. R., the rate to Chicago was 21c, to East St. Louis and St. Louis 14c; on common lumber, other than pine, cypress, gum or cottonwood, to Chicago was 21c, to St. Louis and East St. Louis, 15c.

Thus showing that Mr. Enochs' extension of Ill. Cen. local tariff No. 741 to Chicago at 21c is logically correct.

By Tariff Sup. 36 to N. 1627, I. C. C., 1220, **effective Nov.**

1, 1902, (see certif. E. A. Moseley, Sec'y., R. V. I, 490) from stations on A. & V. Ry. and N. O. & N. E. Ry., except Vicksburg, Jackson and Meridian, with Chicago B. & Q. Ry. and Mobile & Ohio R. R., on gum and cottonwood, to Chicago 22c, to East St. Louis and St. Louis 16c, with **same rate on common lumber other than pine, cypress, gum or cottonwood.**

Tariff Sup. 37 to N. 1627, I. C. C., 1220 (see Moseley's certif., R. V. I, 490) is identical with Sup. 36, **supra,** except that it includes the Illinois Central to Chicago 22c, to East St. Louis and St. Louis, 16c.

Thus, on **Nov. 1, 1902,** the Illinois Central and the Mobile & Ohio made a rate from Alabama & Vicksburg and New Orleans & Northeastern R. R. points, wholly unaffected by water competition, on cottonwood, gum and other common lumber, except pine and cypress, of 22c to Chicago, and of 16c to St. Louis, and by the tariff agitated at St. Augustine and New Orleans in **December, 1902,** yellow pine lumber is advanced to 26c to Chicago, and to 20c to St. Louis—a difference of 4c per hundred.

By Sup. 134 to A-3550, I. C. C., 1033, **effective July 31, 1902,** exhibit to Enochs' evidence (R. V. II, 614), the lumber rate from Redwood, Miss., to Kensington, Ill., 722.5 miles is 18c; the rate from Jackson, Miss., to Kensington is 26c, distance, 714.22 miles. The Redwood rate yields 4.98 and the Jackson rate, 7.28 mills per ton per mile; or an increase of 46 per cent. per ton per mile.

By Sup. 125, to I. C. C., 1033, exhibit to Enochs' evidence (R. V. II, 614) a comparison of the rate on cypress from Lutcher, La., and yellow pine from McComb City to St. Louis is made, showing rate on cypress 13c, on yellow pine 20c, or on cypress, 33 mills, and on yellow pine 66 mills per ton per mile.

The evidence shows that there was no actual water competition regulating these rates on cypress and cottonwood, and they are, therefore, the more instructive as to the reasonable worth of the service rendered.

The system of shipping lumber is set forth in Mr. Butterfield's evidence, (R. V. II, 144) to be that the shipper is required to make a requisition for such car or cars, and of such capacity as is

required for his cargo. Under this requisition the carrier furnishes the cars; and, if for any reason a larger car is furnished than the requisition calls for, the loading deficiency onus should be on the carrier. The mere fact that gondolas, or even box cars up to 60,000 lbs. capacity, are not loaded to stenciled capacity, is of little probative force, unless coupled with evidence that the shipper made requisition for a car of that capacity, and then failed to load it to capacity. Besides, if the shipper fails to load cars to capacity, the remedy is in the hands of the carrier by penalizing under-loaded cars.

Deficiency of loading to capacity, if any, is imputable to negligent administration of operation. If cars of proper size are not furnished, or if furnished are improperly loaded, or if properly designed equipment is not provided, the responsibility is with the carrier and not the shipper.

The evidence of Mr. L. Green (R. V. II, 215) shows that on the Southern 83.3 per cent. of stenciled capacity was used in lumber shipments. When this is compared with the great body of other products, and especially, when box cars of over 60,000 lbs. of stenciled capacity cannot, by reason of the deficiency of cubical capacity, be loaded to stenciled capacity (Mr. Gardiner, R. V. II, 32, 3; Mr. Enochs, **Id.**, 161-5), this average should be satisfactory. As to cars of 80,000 lbs. and over, according to the rules of the I. C. R. R., for loading coal, 72,000 lbs. is to be considered a load, and this would be 10 per cent. short of the capacity of an 80,000 and 28 per cent. of an 100,000 lbs. car. Exhibit 17 to Mr. Enochs' evidence (R. V. II, 625, 537) for the shipment of lumber to the Coal Storage Company, in March and April, 1903, shows gondola cars of 100,000 to 40,000 lbs· capacity with loadings in excess of the stenciled capacity, of 102 per cent.

The number of 100,000 lbs. cars even now in use on the defendant company's roads are few, and are confined to a few coal cars on the Illinois Central.

The Hand Book, No. 6 of the Southern Railway, p. 65, Ex. 14 to Mr. L. Green's evidence, shows that there are divisions of the Southern which require special arrangements and low speed to haul this class of equipment, and that on some of its divisions it cannot be hauled. The stipulation as to the record (R. V. I, 420) admits this to be true.

Few of the defendants have any 80,000 pound cars, in fact, none of them except the L. & N. and Illinois Central.

Until there shall be equipment so designed as to take care of lumber to its full stenciled capacity, and the system of loading is so changed as to relieve the carrier of responsibility for short loading, the deficiency of loads below stenciled capacity is curable by correction of the carrier's own methods and equipment, and cannot be made the basis for the increase of rates on lumber. "So far as this is due to the failure of the carrier to provide cars of proper size the shipper is not to blame." **Proposed Advance Freight Rates, supra,** p. 432.

The congested condition of the traffic during 1902-3 and prior to and since that time, by reason of the enormous volume offered, has been, as shown, **supra,** a fruitful source of increased expense of operation and of the falling off of net income. The annual reports of the Southern, and of the Illinois Central, and, especially, Mr. Fish's evidence, **supra**, show that these railroads have and have had more freight offered than they could handle, even though there has been a very large increase of motive power, cars and facilities for transportation.

These results of inefficient operation are shown in the exhibits to Mr. Enochs' evidence, taken from actual transactions, showing by Exhibit 16 (R. V. II, 624) that in 1891-3, thirty-one cars of lumber traveled an average of 156 miles a day, loaded to 75 per cent. of capacity; while by his exhibit 15 (R., **Id.,** 622f; 536, 7), showing twenty-five cars performance to Niagara Falls, 1902-3, from Fernwood, Miss., there was an average daily travel on the Illinois Central of forty-nine miles; on the Erie, of forty-seven miles; on the Mich. Central, of 340 miles; with relative daily earnings, per car, per day, of Ill. Cen., $7.11; of Erie, $5.08; of Mich. Cen., $32.56.

Exhibit 14 to Mr. Enochs' evidence, (R., **Id., 622e,** 536) shows car performance of fifty-one cars, taken from actual transactions, in December, 1902-January, 1903, at the very period of this advance, whereby the loading was 86.08 per cent. of stenciled capacity, and the average travel each day per car was 22.2 miles.

The showing made by Exhibit 19 of car performance for March, 1903, from Eastman, Gardiner & Co., was equally as bad,

showing that cars had been in transit in some instances 122 days. This list embraced all their cars for the month of March, 1903, of which they had the data to show car performance (**Note.**—This paragraph is admitted to be true by stipulation, R. V. I, par. XIV, 428.)

This contention is answered by **Proposed Advance in Freight Rates, supra,** pp. 427-8, where it is said:

> "It appeared from the testimony that offerings of traffic are at present extremely large; that all lines are taxed to their utmost capacity, and that some have found it absolutely impossible to handle the amount presented. This is requiring enormous outlay in the providing of additional track facilities and the furnishing of additional equipment; and it was said that rates ought to be increased in view of this large increase in traffic, and the incident expenditures required.
>
> "The idea that increased traffic should raise rates is certainly a reversion of previous notions upon that subject. * * * Without doubt this increaced demand upon railways is requiring the expenditure of large amounts, but there is nothing in this which should justify an advance of rates so long as that expenditure will add proportionately to the earning capacity of the properties. * * * In its operation additional traffic can be handled more cheaply in proportion than traffic could be handled upon the tracks already existing. Clearly the fact that the volume of traffic is such as to require this outlay is not a reason why rates should be advanced, but rather why they should decline."

The contention that there has been a large advance in the price of lumber, and that, therefore, the rate should be advanced is answered in the same case, p. 401, where, as here, it was claimed: "The present prices of commodities are high, therefore they can pay a higher freight charge. Times are good and railroads should share in the general prosperity; but high prices of materials and labor add to the expense of operation, and gross revenues must therefore be increased." Says the Commission, "It is no longer a question of what the traffic will bear, but rather of what the public should bear."

In that same case, the Commission carefully considered the commercial conditions of the country, and the increase of cost

of materials, wages, etc., and on April 1, 1903, about the time for this advance to become operative, it held that there was no reason, from these sources, for permitting the advance of 2c per hundred on grain to be put into effect, and ordered that the carriers should desist.

This advance of 2c in the grain rate from the west seemed to be the companion act to this 2c advance on lumber from the South, and the same reasons exist for denying the advance in both cases, and the opinion of the Commission in that case, in every respect, sustains appellee's position.

Of the materials so much relied on as advanced in price, steel rails do not show any material advance. By Ex. 20 (R. V. II, 634) to Mr. Enochs' evidence compiled from Stat. Abst. U. S., 1902, it appears that the average price per ton for periods of five years was as follows: 1898-1903, $26.57; 1893-7, $24.61; 1888-92, $30.15; 1883-1887, $33.51.

So, too, with coal: Mr. Wallace testified there had been an advance of 10c per ton; and said Stat. Abst. for 1902, p. 462, shows that for the five-year period, 1893-8, the average price of coal was $2.55 per ton, and for 1898-2, the average was $2.22 per ton.

There has been no general advance in wages since June 30, 1902, on the Illinois Central, except the telegraphers, and hence the wage scale for 1902-3 would practically control.

This advance of 2c per hundred pounds was made by the joint action of all of the carriers south of the Ohio river; but it was allotted to the Illinois Central south of the Ohio river, to the Mobile & Ohio, to the Alabama Great Southern, to the Cin. N. O. & T. P., to the Southern, and the L. & N. R. Rds. The N. O. & N. E., Gulf & Ship Island, and the A. & V. Ry. Co., did not receive any of this advance though they joined in through tariffs exacting it. As this 2c per hundred is especially for the benefit of these roads and the divisions of these roads **south of the Ohio river,** it becomes pertinent, on the question of the reasonableness of this specific charge of advance of 2c in the rate for this specific south section, to inquire into the relative needs of these roads **north and south of the Ohio river.**

Exhibits 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 to Mr. Enochs' evidence, compiled from the Stat. Railways of U. S., 1902, p. 374, and

the advance sheets of 1903 (R. V. II, 527) omitted from printed record, but stipulated into this record (R. V. I, par. XV, 428), show that the revenue of the Illinois Central (Chic., St. L. & N. O. R. R.), and of the L. & N., and of Mobile & Ohio, and of the Southern, south of the Ohio river, is relatively greater than it is north of the Ohio.

Said Ex. 1 shows (R. V. II, 528; 9, see Stats. Rys. U. S., 1901, pp. 366, 367, 368, 369, 372, 373, 374, 375 and **Id.,** 1902, pp. 374, 375, 376, 377, 380, 381, 382, 383):

ILLINOIS CENTRAL.

Year.	Group.	Passenger Earnings per Train Mile	Freight Earnings per Train Mile	Proportion to Total Earnings.	Total Earnings per Train Mile.	Proportion Total Earnings and Income
1902	5	.91546	1.76618	74.86	1.577	100.00
1902	6	.91245	1.68472	64.17	1.513	88.14
1901	5	.89465	1.38072	73.29	1.285	100.00
1901	6	.82632	1.51878	64.21	1.345	90.45
			SOUTHERN RAILWAY.			
1902	5	.87986	1.76677	69.56	1.460	97.34
1902	6	.64291	1.20079	69.24	1.088	100.00
1901	5	.87007	1.67460	69.06	1.423	98.37
1901	6	.59567	1.21564	70.52	1.097	100.00
			LOUISVILLE & NASHVILLE.			
1902	5	1.13271	1.70528	74.61	1.590	96.60
1902	6	1.15638	1.65890	64.94	1.494	99.03
1901	5	1.09771	1.71063	73.17	1.584	95.74
1901	6	1.08592	1.46858	66.73	1.363	100.00
			MOBILE & OHIO.			
1902	5	.83391	1.91076	82.72	1.579	87.25
1902	6	.82256	1.18959	82.25	1.109	100.00

It is to be noted that in 1902 the proportion of the freight earnings of the Illinois Central per train mile for the first time was greater in Group 5 than in Group 6.

It is shown by Exhibits 5 and 6 (Stat. Rys., 1902, p. 43) that the average wages of railway employes is less in Group 5 than in Group 6; and that those in Group 5 in 1902 were less than like average wages throughout the United States; and that like average wages in 1892 were comparatively greater than in 1902 in Group 5.

By said Ex. 7, it is shown that in the main a greater number of employes are allotted to each 100 miles of road in Group 6 than in Group 5. (Stat. Rys., 1902, p. 37, 8). By said Ex 8 it is shown that the equipment in Group 6 largely exceeds that of Group 5, in that Group 5 had 1751 freight locomotives, Group 6 had 4686 (**Id.,** p. 22). Group 5 had in freight service 102,188 cars; Group 6 had 321,130 cars (**Id.,** p. 21). The assignment per 1,000 miles of equipment shows to Group 5, 77 freight locomotives and 4500 freight cars; to Group 6, 103 freight locomotives and 7019 freight cars (**Id.,** p. 22.)

The assignment of equipment to amount of traffic shows:

Territory Group.	Tons Carried Per Freight Locomotive.	Ton Miles Per Freight Locomotive.	Freight Cars per 1,000 Tons of Freight Carried.
5	45,434	6,623,442	1,284
6	44,850	6,377,796	1,528

Thus, with less wages and with less equipment, the efficiency of operation is greater in Group 5 than in Group 6.

The empty car mileage in 1902, Ex. 9, (Stat. Rys., 1902, p. 70), was practically balanced north and south in Group 5, while in Group 6 the excess was south and west.

Lumber, with 88,-653,863 total freight tonnage in 1902, and 97,486,984 in 1903,'stood second in rank of all the commodities in the United States, and was exceeded only by bituminous coal. (See Oy. of Commission, R. V. II, 986, and wherein is compiled the relative tonnage of grain, fruit, coal, lumber, etc., during 1901-2-3)

In Groups 4 and 5 south of the Ohio and Potomac rivers, lumber furnished 18.65 per cent. of the agrregate of tonnage upon their lines. (Stat. Ry., 1902 p,. 69.)

The average of taxation is less in Group 5 than in Group 6. **Id.**, pp. 89, 94.

By Exhibit 2 to Enochs' evidence a compilation is made from said Statistics Railways 1899-1903 to show the relative gross earnings per mile of the Illinois Central in Group 5, **south**, and in Group 6, **north**, of the Ohio river, viz:

ILLINOIS CENTRAL.

Year.	Group.	Mileage.	Gross Earnings.	Gross Earnings Per Mile.	Excess Per Mile.
1903	5	p. 218	p. 379	$11,779.90	$1827.67
1903	6	p. 234	p. 385	9,952.33	
1902	5	p. 210	p. 375	10,566.70	1490.56
1902	6	p. 228	p. 381	9,070.54	
1901	5	p. 212	p. 367	9,718.70	530.01
1901	6	p. 228	p. 373	9,188.69	
1900	5	p. 198	p. 361	8,746.56	886.17
1900	6	p. 214	p. 367	7,860.39	
1899	5	p. 206	p. 369	8,086.56	
1899	6	p. 222	p. 377	8,817.56	719.00

Thus, from an excess of gross earnings in favor of Group 6 **in 1899** of $719, there has been an increasing increase in gross earnings per mile every year in favor of Group 5, until in 1903, it amounted to $1,827.67. The foregoing table shows that the increase of gross earnings **south** in the five years between 1899 and 1903 has been 45.45 per cent., while the increase **north** of the Ohio river has been only 10.28 per cent. Thus showing, not only that the greatest earnings have been and are south, but that the ratio of increase south largely exceeds that north of the Ohio river for the last five years.

Illinois Central shows (Stat. Rys., U. S., 1901-2-3, 638-9):

		Earnings from from Operations.	Miles Operated.		Per Mile Operated.
South—					
1902-3	p. 379	$16,193,850	1374.71	p. 218	$11,779.90

1901-2	p. 375	14,518.450	1374.71	p. 210	10,566.79
North—					
1902-3	p. 385	29,124,600	2926.39	p. 234	9,952.33
1901-2	p. 381	26,317,931	2909.19	p. 288	9,070.54

	Total Miles Operated.	Earnings South Per Mile.	Earnings Whole Line, on Basis South.
1902-3	4301	$11,779.90	$50,665,349.90
1901-2	4283.90	10,556.79	45,262,072.68

	Total Miles Operated.	Earnings North Per Mile.	Earnings Whole Line on Basis North.
1902-3	4301	$ 9,952.88	$42,807,336.88
1901-2	4283.90	9,070.54	37,857,986.30

Difference in favor of South side of river, 1902-3, $7.850,013.02.

Difference in favor of South side of river, 1901-2, $7,404,088.38 (R. V. II, 639).

This shows that, if the same basis for gross earnings was applied by the Illinois Central to its lines **north,** as is applied **south** of the Ohio river, its gross receipts would have been increased in 1901-2 by $7,404,088.38, and in 1902-3, by $7,858,013.02.

The Preliminary Report on Income Account of Railways, in U. S., 1903 (p. 38, 39, 44, 45) of this Commission for 1903 emphasizes this result, showing, p. 38, the **net earnings** of the Illinois Central **south** of the Ohio, with 1374.71 miles in 1902 were $5,023,320, and in 1903 were $5,569,609, an **increase** of $546,289; while **north** of the Ohio, with 2926.39 miles (p. 44, 5), the net earnings increased from $9,549,587 in 1902 to $9,780,584, in 1903, or only $250,997; thus, with less than one-half the number of miles, the south made an increase in net earnings of more than twice that of the north end.

The "statement of receipts, operation expenses, etc., of Main Line and Kosciusko Branch, Memphis Div., and Louisville Div. of the Chicago, St. Louis & New Orleans Railroad (Ill. Cen. R. R. Co. south of Ohio river)," Exhibit G to Mr. Bowes (R. V. II, 854), shows conclusively that the line south of the

Ohio river should not be permitted to make this advance. This statement shows that the gross receipts of the Chic., St. L. & N. O. R. R. in 1902 were $14,284,898.81, and in 1903, $15,948,-872.83; an **increase** of $1,663,974.02; also, that the operation expenses for 1902 were $9,257,568.58, and for 1903, $10,399,550.86; an increase of $1,141,982.38, leaving an **increasing increase** of gross earnings over operation expenses of $521,991.54. This would be 5.2 per cent. on the capital stock of $10,000,000.

Mr. Bowes (Defts. New Ev., R. V. I, 148) testifies: "Our earnings for 1905 were greater than they were for 1904, and our earnings for 1904 were greater than they were for 1903."

So, whatever may be claimed, the Illinois Central south of the Ohio river has not so increased operation expenses as to decrease its increasing net earnings.

The Exhibit (R. V. II, 638) made by Mr. Enochs, as to the Louisville & Nashville north and south of the Ohio, shows that the gross earnings per mile south of the Ohio exceeded those north in 1902, by $1,907.50, and in 1901 by $1,679.46. Mr. Compton (Defts. New Ev., V. I.181) testifies that the condition of theL. & N., as to both gross and net earnings has improved, saying: "I think it perfectly fair to state that our condition is better today" (1906) "than before."

When the enormous amounts of the improvement accounts of these several railroads during the last few years is considered, and which have been paid through operating expenses without charge, the claim of the railroad companies for more revenue because of the increased cost of transportation cannot be maintained.

The fact (R. V. II, 967) that the Mobile & Ohio voluntarily allows tap line divisions for logging the mills of from 3c to 3½c per hundred upon practically all of the lumber shipped to Central Traffic territory originating on its line is conclusive that the former rate of 14c was a reasonable compensation for the service rendered. Unlike the Illinois Central, which itself charges the full rounded arbitary of 2c per hundred bridge toll at Cairo, the traffic over the Mobile & Ohio has to pay bridge toll of $100,000 per annum to the Illinois Central, and so the Mobile & Ohio was

willing to render this service for 14c per hundred, less the tap line of from 3c to 3½c, or 11c to 10½c, and then pay bridge toll —thus netting much less than 14c for the service rendered. As this rate was thus reduced to 11c to 10½c by considerations outside of its duty as a carrier, it cannot claim now that this rate for the transportation service was not, as to the public, reasonable. The government, or its substitute by delegation, has no right to increase the burden of the public to compensate for expenditures disconnected with the public service. Railroad corporations may and should conduct their business by encouraging the development of enterprises along their lines. These enterprises return to their stockholders directly, in increased traffic, reciprocal benefits. The stockholders, and not the public, should pay such donations. The most vicious of all systems of indirectly imposing these burdens upon the public is to select a single commodity, as lumber, and make it alone, by tap line divisions, bear the burden of donations in the encouragement of local enterprises.

The answers of M. & O., to complainants interrogatories show that since 1897 the average freight car capacity had increased 119,320 tons, and the average engine capacity had increased 157,098 tons, thus showing a deficiency in increase of relation of motive power to equipment. This statment is admitted (Stipulation, par. II, V. I, 420).

They also show as follows (R. V.I,par. III, 421):

Year.	Freight Receipts.	Operating Expenses, including Salaries, Damages and Taxes.	Excess.
1901-2	$4,932,837.22	$4,489,186.15	$443,651.07
1902-3	5,686,856.83	5,211,171.53	475,685.30

This shows that relatively the operation expenses had not increased in proportion to the freight receipts. If the passenger receipts are included it would show a still greater increase. In answer to Int. 9 the M. & O. gives its gross earnings from 1893 and shows a steady increase from $3,253,691.17 to $7,486,980.39 in 1903, and its net earnings show a steady increase from $223,-769.19 in 1896-7 to $747,276.07 in 1903; and that there was applied of income to betterments in 1901, $417,467.90; in 1902,

$417,510.25; in 1903, $383,605.19; and to dividends, for the first time except a small one in 1897, in 1903, $107,412.00.

The annual report of 1903 to the stockholders of Mobile & Ohio Railroad (see Stipulation, par. III, **supra**) shows that in operation expenses for 1903 there was for maintenance of ways and structures expended $1,135,979.39, and in 1902, $871,854.99; and for maintenance of equipment, $955,070.76, in 1903; and in 1902, $726,071.79. On page 10 it appears that in these items of maintenance of way and structures, there was renewal of rails and cross ties and renewal of buildings, and that the renewal of cross ties increased in 1903 over 1902, 42.25 per cent.; the rail renewals of 1903 were 16,674 tons of new 75-lb. steel rails, or about 141 miles, with 9,422 tons of serviceable relaying rails; and during 1902-3, 216 miles of new 75-lb. rails had been put into the track, out of total mileage of 871 miles; stating also: "The passing tracks already completed have greatly improved the facilities for handling trains, but the demands of increased traffic will make further additions necessary in the immediate future." Said report states, p. 11, that the expenses of conducting transportation during the year 1902-3 increased 8.89 per cent.; more than half of which was the cost of fuel; that the general expenses increased 5.59 per cent. while the ton miles increased 18.1 per cent., and the passenger miles, 7.95 per cent. It gives (p. 9) as operating accounts, earnings and expenses, upon same number of miles, as follows:

Gross earnings, increase over 1902.....15.01 per cent.
Operating expenses and taxes, inc. over 1902....30.20 per cent.
Net earnings, increase over 1902.....12.64 per cent.

Ratio of expenses to earnings, 1903, 69.59 per cent.; 1902, 68.98 per cent.; increase, .61 per cent. (see Stip., par. IV, R. V. I, 422).

The balance of net income, after payment of interest, rentals and other charges against income, for 1903, was (p. 5) $412,625.95, or a net income of 7.6 per cent. on capital stock, p. 17, of $5,370,600.

The dividend paid was 2 per cent., leaving to credit of profit and loss, $305,213.95, an increase over 1902, of $181,163.71, **Id.** If the accounts had been kept properly and the betterments had been separated from operation expenses the net earnings would have been correspondingly larger.

The answers of the Cin., N. O. & Texas Pac. R. R. Co. to complainant's interrogatories (Stip., par. V, R. V. I, 422) illustrate appropriately the status of the increase of operation expenses by wages, fuel, etc., and their effect upon net earnings. This road is operated under a lease, and, therefore, these extraordinary expenditures for betterments are not charged into operation expenses, but only such as will keep it in good operative condition. The construction of this road is abnormally characterized by grades and curvatures, traversing the mountain ranges, with all of their con-comitant difficulties and expenses of operation. Notwithstanding these extra burdens its said answers show as follows:

Year.	Salary of Employes.	Betterments.	Other Operating Expenses.
1900-1	$1,508,649.75	$353,913.39	$1,571,884.72
1901-2	1,747,842.07	202,674.10	1,989,282.17
1902-3	2,186,752.14	401,958.66	1,754,452.14

The gross earnings and the net earnings, after paying the rent and maintenance, operation, etc., are as follows:

From a deficit in 1899-1900 to

Year.	Gross Earnings.	Net Earnings.	Surplus.
1900-1	$5,066,207.75	$1,320,501.85	$180,732.78
1901-2	5,686,253.61	1,446,659.81	207,780.51
1902-3	6,218,957.85	1,569,518.68	306,328.77

In 1902-03 there was a dividend of 5 per cent. paid on its preferred stock, the first dividend since prior to 1892.

It will be noted that operating expenses, other than wages, decreased in 1902-03 from $1,989,272.17 in 1901-02, to $1,754,452.-14; and that there was only a net increase of wages and other operating expenses in 1902-03 over 1901-02 of $204,180.04, while the increasing increase in the gross earnings was $532,704.24, and the increasing increase in net earnings was $122,858.77.

The Gulf & Ship Island's annual report of 1903 to its stockholders, states p. 5-6 (see Stip., par. VI, R. V. I, 423), "Throughout the fiscal year ended June 30, 1903, the great prosperity mentioned in the annual report of 1902 continued undiminished. Indeed by reason of the satisfactory industrial conditions prevailing in Southern Mississippi the gross earnings of the company increased 24 per cent. over those of the previous year."

The acreage of land in cultivation increased 25 per cent., and as the land is cleared it is being planted with cotton, corn, sugar cane and fruit.

The development of agriculture and industries is "extremely gratifying." "The last few years have demonstrated beyond peradventure that the traffic which arises on the cleared and developed portions of the road is equal in value to that derived from the transportation of timber, if not greater. It can be said with certainty that when the timber is exhausted, farms, manufactories and other industries will have taken its place and our business will be materially increased."

The evidence of Mr. J. J. White, who has been familiar with the Southern Mississippi lands for many years, shows that the lands along the Gulf & Ship Island are like those along the Illinois Central in the McComb City belt, and that after the timber is cut off the lands are valuable as farming lands.

The harbor at Gulfport, upon which the Gulf & Ship Island lays such stress, and properly so, will yield export facilities incomparably superior to New Orleans or Mobile and it promises to be the highway to the prospective Panama Canal.

The contractual divisions of the Gulf & Ship Island on lumber with the Illinois Central is 7c, and to points south and west of the Missouri is 50 per cent.

Its divisions with the Illinois Central, via Jackson, on lumber from Kingston and Laurel on its line to the following points, under Ill. Cen., Sup. 10, to Division Sheet A, 1416. Ex. to Mr. Gardiner's evidence, are as follows (see Stip., par. XVI, R. V. I, pp. 428-9):

To—	G.& S.I.	Ill. Cen.	Beyond	Total.
Bessemer, Ala.	3½	3½	3	10c
Birmingham, Ala.	3½	3½	3	10c
Chattanooga, Tenn.	3¼	3¼	5½	12c
Emory Gap, Tenn.	3¼	3¼	10½	17c
Ensley, Ala.	3½	3½	3	10c
Gate City, Ala.	2¾	2¾	4½	10c
Memphis, Tenn.	5½	5½		11c
New Orleans, La.	3	3		6c

The divisions as per Exhibit (R. V. II, 942) filed by Mr. Hayden Miller on lumber delivered to the Mobile & Ohio at Meridian, by N. O. & N. E., for Cairo and beyond, are as follows: Gulf & Ship Island to Hattiesburg, Miss., 6c, plus New Orleans & N. E., 3c, equals to Meridian, 9c; thence by Mobile & Ohio, to Cairo, 7c; total, 16c (see Stip. V. I, par. XVII, 429).

The divisions on lumber originating on Mobile, Jackson & Kansas City R. R., by Gulf & Ship Island, and Ill. Cen., to Cairo, are as follows (R. V. II, 95): To Mobile, J. & K. C., 5c; to G. & S. I., 3c, equals to Jackson, 8c; from Jackson, Miss., by Ill. Cen., to Cairo, 8c; total, 16c.

The Gulf & Ship Island takes lumber from the Mobile Jackson & K. C. R. R., at Hattiesburg, and hauls it to Jackson for 3c, while the contract price with the Ill. Cen. for lumber on its own line at Hattiesburg yields 7c. If, for the same service the Gulf & Ship Island charges only 3c, it is difficult to reconcile with reasonableness a charge of 7c.

The lumber tonnage of the Gulf & Ship Island for 1902 was 735,712 tons out of a total tonnage of 825,892 tons; and for 1903, 841,686 tons, out of a total tonnage of 962,213 tons (see Stip., par. XVIII, R. V. I, 429). Thus these extraordinary divisions are imposed upon 79.63 per cent. of its total tonnage in 1903.

The report of the Gulf & Ship Island Railroad for 1903, p. 16, recites (see Stip., par VI, R. V. I, 423-4): "Transportation Results.—The work of the transportation department shows extremely satisfactory results. While the number of revenue tons of freight carried one mile increased 23.67 per cent., as compared with 1902, the revenue freight train mileage decreased 1.97 per cent. The average revenue freight train load increased from 164.18 tons to 207.11 tons, and the average loaded revenue freight car load rose from 14.18 tons to 15.91 tons. The average number of cars per train advanced from 16.59 in 1902, to 18.38 in 1903. Freight earnings, per freight train mile, averaged $3.91 in 1903, as against $3.13 the previous year; and passenger train earnings, per train mile, averaged $1.01 as compared with 84c the year before."

The table, p. 17, Freight Service, of said report for 1903 shows (see Stip., par. VI, R. V. I, 423-4):

Total earnings from freight increase over 1902, 22.65 per cent.

No. of revenue tons carried one mile, over 1902, 23.67 per cent.
Revenue freight train mileage decrease over 1902, 1.97 per cent.
Average freight train load increase over 1902, 26.15 per cent.
Freight earnings per revenue freight train mile increase, over 1902 24.92 per cent.

It is manifest that there is no justification for the Gulf & Ship Island demanding this advance, even for its neighbors.

The Alabama & Vicksburg does not receive any of this advance. The evidence shows that it was never in its history as prosperous as in 1902-03, and it actually declared two dividends during the year, the regular dividend of 6 per cent. and an extraordinary one of 3 per cent. (R. V. II, 436).

The fact that the New Orleans & Northeastern was content with what it received under the old rate of 14c, and neither claimed nor received any part of this advance, shows that it was satisfied with its compensation for the service rendered.

The Southern Railway Reports (see Stip., par. VII, R. V. I, 424-5) show that its average freight haul, per train, increased from 1896 to 1903, 62.09 tons; of which, in 1903, 13.72 per cent., and in 1896, 12 per cent., was company material; an increase of 9.19 per cent. over 1896, when it was 10.81 per cent. Its revenue freight increased per train from 144.43 tons in 1896 to 195.31 tons in 1902, or 34 per cent. Its company material freight per train increased from 17 tons in 1896 to 30 tons in 1902, or 76 per cent.; thus indicating extensive reconstruction. In 1903 its average receipts, per freight train mile, are shown to have increased from $1,445 in 1895, to $1,819 in 1902. Said Report (see Stip., par. XIX, R. V. I, 429-30) of 1902 shows that its revenue ton movement had increased 151.83 per cent. since 1895; and that it then had 397 freight locomotives; and in 1902, 598 freight locomotives; an increase of 50.6 per cent.; and that it operated, in 1895, 4391.94 miles, and in 1902, 6,765.9 miles; an increase of 2,373.96 miles; that its engine performance in 1902 was 20,398 miles, that of 1895, 17,048 miles, or an increase in engine mileage performance (or increased efficiency) of 19.65 per cent.; that the average number of tons hauled one mile by

each engine increased from 1895 to 1902, 61.80 per cent.; and that, based upon its engine performance in 1895, there was an increase of engine performance in 1902 of 19.65 per cent., while the increase in traffic was 151.83 per cent.

This shows that the motive power did not increase in the ratio of increase of traffic, and, therefore, the results of 1902 were brought about, and whereof its annual report of 1903 (R. V. II, 59) says:

> "While the increase in gross earnings is large, it could have been exceeded, if equipment, yard, and shop facilities had been equal to the demands upon them, and the net results could have been much improved if the transportation had been done under normal instead of congested conditions. It is confidently believed that with the improvements now in progress much better operation results will be obtained."

In its report of 1895 (see Stip., par. XIX, R. V. I, 429-30), it is said:

> "The equipment of the several lines of railways acquired by the company was inadequate in amount and much of it unsuitable in character and conditions, even for the traffic of the past year of great depression, and contracts were, therefore, promptly made for additional and more modern equipment in order to reduce operating expenses and provide in time for an increase in the volume of traffic and to secure the benefit of the low prices prevailing during the past year."

The Southern Railway was devised as a scheme of evolution, both operative and financial, in which the public, through excessive tolls, is to pay whatever may be required to develop its poverty-stricken properties into a first-class system of railroad property, and thereby to make of value its $120,000,000 of capital stock, and which, in answer to complainants' interrogatories, was said to be **for the purposes of organization.** The legal requirements of its charter were that the stockholders should furnish the money to pay for the property for the use of the public; its practice is for the public to furnish the money to pay for its property for the use of its stockholders.

Its condition and status was developed in the **Proposed Advance in Freight Rate** case, and needs no repetition. Its road traverses mountains, in an east and west line, and generally is, as to operation and equipment, inferior to the Illinois Central.

II.

AS A FINANCIAL PROBLEM.

Is this advance of 2c necessary so that each of the participating railroads may "earn a fair return upon that which it employs for the public convenience?"

> "The value of a railroad depends upon what it can earn on the basis of a reasonable rate; and the reasonableness of a rate depends upon the return which it will yield upon the value of the property." **Proposed Advance in Freight Rates,** 9 I. C. C. R., p. 405.
>
> "What the company is entitled to ask is a fair return upon the value of that which it employs for the public convenience. On the other hand, what the public is entitled to demand is that no more be exacted from it for the use of a public highway than the services rendered by it are actually worth." **Smyth v. Ames,** 169 U. S., 434.

What is a fair return upon the value of the property? In **Stanislaus County v. San Joaquin,** etc., **Co.,** 192 U. S., (1904), 201, the Court, in fixing the rates a water company should be allowed to charge, held that a dividend of 6 per cent. on the actual present value of the property used for the public was a "just and fair compensation for the use of the property by the public." The Commission in **Proposed Advance in Freight Rates, supra,** 411-2, indicates that about 4 per cent. upon the capital stock of the Michigan Central was a fair return.

In **Grain Shippers Assn. v. Ill. Cen. R. R. Co.,** 8 I. C. C. R., 158, the financial status of the Iowa lines were considered; and, in 1898, when there had been a dividend of 3 per cent. paid, and $86,000 carried to surplus, a reduction in the rate of 2c on grain, the principal commodity of that section, was ordered; and this upon the basis that the carrier had earned "4 per cent. upon more than enough to reproduce the property itself; and that in the year 1898, with its returning prosperity, it had paid extravagant rates of interest upon its funded debt, and a dividend of 3 per cent. upon its entire capital stock."

In **San Diego Land Co. v. National City,** 174 U. S., 734, it is said:

> "It cannot therefore be admitted that a railroad corporation maintaining a highway under authority of the State may fix its rates with a view solely to its own interests,

and ignore the rights of the public. But the rights of the public would be ignored if the rates for the transportation of persons or property on a railroad are exacted without reference to the fair value of the property used for the public or the fair value of the services rendered, but in order simply that the corporation may meet operating expenses, pay the interest on its obligations and declare a dividend to stockholders. If a railroad corporation has bonded its property for an amount that exceeds its fair value, or if its capitalization is largely fictitious, it may not impose upon the public the burden of such increased rates as may be required for the purpose of realizing profits upon such excessive valuation; and the apparent value of the property and franchises used by the corporation, as represented by its stocks, bonds and obligations, is not alone to be considered in determining the rates that may be reasonably charged" —169 U. S., 544.

The Commission and the Circuit Court found the claim of the railroads to greater revenue not well taken. The evidence of the railroad officers, taken during the hearing before the Commission, took a gloomy view of the future earnings of the railroad companies. This failed to materialize, and the defendant companies continued to prosper, as the evidence taken both before and since that hearing has clearly shown.

Let us consider the financial status of these railroad companies under these principles.

Illinois Central.

The Illinois Central from Chicago to Cairo, 707 miles, was created by subscription to the capital stock of $15,000,000 and was the recipient of a land grant from the United States of 2,595,000 acres of "the rich, rolling prairie lands of Illinois with black soil extending in depth five feet, a large part of the land underlaid with coal," and from this land the original subscribers to stock were paid back their original stock and in addition a large profit (R. V. II, 64).

In 1881-82 its capital stock had been increased to $29,000,000. In 1887 its capital stock was increased $1,000,000, and this was

sold to its stockholders at a premium of 136 (R. V. II, 466). The following increases of capital stock were made in the following years, and while the stock could have been sold at the following premiums, and thereby the issue of the stock reduced correspondingly, the stock was issued to its stockholders at par, and thereby the issues, as to the public, and as a basis upon which to earn rates, were excessive and cannot be treated as the fair value of the property Ex. to Mr. Robinson's evidence shows (R. V. II, 60, 1, 2, 3, 4, 688):

Year.	Increase.	Market Price.	Issue Necessary If Sold.	Excess Over What was Necessary.
1899-00	$ 7,500,000	120	$6,250,000	$1,250,000
1901	6,000,000	140	4,285,000	1,715,000
1901-02	13,200,000	140	9,428,500	3,771,500
1902-03	15,840,000	140	11,314,000	4,526,000

Total excess unnecessarily issued.....$11,262,500

Prejudicial effect has been given, against the public, by this unnecessary increase thus:

Capital stock 1903 (Statis. Rys., 1903, p. 348).....	$95,040,000
Excess of capital stock issued.....	11,262,500
Net capital as to the public.....	$83,777,500
Dividend paid 1903, 6 per cent. (Stat. Rys, 1903, 580)	5,702,400
6 per cent. dividend on $83,777,500.....	5,026,650
Excess paid in dividend as to public.....	$ 675,750

Capital stock 1902 (6% Div. Stat. Rys., 1902, 344-576)	$79,200,000
Excess issued.....	6,736,500
Dividend paid 6 per cent. 1902, on excess.....	404,190
Capital stock 1901 (6% Div. Stat. Rys., 1901, 338, 567).....	$66,000,000
Excess issued.....	2,965,000
Dividend on excess.....	177,900
Capital stock 1900 (5½% Div. Stat. Rys., 1900, 330, 565).....	$60,000,000

Excess issued	1,250,000
Dividend on excess	68,750
Total excess of dividends paid in four years,	$1,326,590
Total excess capital stock issued	11,262,500
Total excess	$12,589,090

Mr. Wallace defends this excess on the ground of the fear of prejudice to the stock market. This defense is its own accusation. See also R. V. II, 454, where Mr. Fish tells of bolstering the Chic., St. L. & N. O., stock at 80 cents.

If, however, this position is unsound the Illinois Central shows that it is not in need of additional revenue. The basic pretense is that there was during 1902-03 "a decreasing increase of net revenue," and, therefore, that the rates should be increased, so that every year there may be an "**increasing increase**" in net income. If so, where is the limit? If the **increasing increase** is continued for a sufficient length of time it would absorb the substance of the whole country. Fortunately this contention is answered by the Commission in **Proposed Advance in Freight Rates, supra,** p. 436, where it is said:"It is often said that the reasonableness of a freight rate must be left largely to the judgment of the traffic officials. This necessarily is so where the question is presented in its transportation aspect; it cannot be true where, as in the case before us, the question is whether the carrier has the right to advance its tariffs for the sole reason of increasing its revenues."

Exhibit 3 to Mr. Fish's evidence (R. V. II, 812) shows that since 1883 there have been dividends declared of from 10.54 per cent. to 5 per cent. except in 1889, when only 3 per cent. was declared. It shows that from 1898 to 1903 there was paid for "permanent improvements and other expenditures paid from income," after fixed charges and operation expenses had been paid, the enormous sum in the last six years of $18,639,321, and leaving for dividends, $23,225,652. Total net earnings, or surplus for dividends, if permanent improvements and other like expenditures had not been paid from income, in six years $41,864,973, or an average per annum of $7,144,162.

Its annual report to the stockholders of 1903 shows (see Stip., per. XXVI, R. V. I, 433):

Net income from operation	$10,729,393.13
Surplus dividend fund, 1901-02	1,132,446.92
Net income available for dividends	$11,861,840.05

Disposed of as follows:

Annual dividend 6 per cent.		$ 5,702,400.00
Sinking fund set apart to provide for bonds	$ 100,000	
Set aside for betterments	4,881,253.13	4,981,253.13
Surplus		1,178,186.92
Total		$11,861,840.05

Thus, after paying 6 per cent. dividend on its capital stock $95,040,000, it had earned during the year for disposition to permanent improvements, insurance fund and surplus fund, the enormous sum of $5,046,993, as follows (see Stip., par. VIII, R. V. I, 426):

Added to insurance fund	$ 120,000.00
Permanent improvements and betterments	4,881,253.00
Increase surplus	45,740.00
	$5,046,993.00

(See Stip., par. VIII; XXVI, R. V. I, 426.)

This would be 5.29 per cent. on $95,040,000, or, with the 6 per cent. dividend, 11.29 per cent., shown on the face of this report of 1903.

When the fact is considered that there was over 13.98 per cent. of company material transported without charge (see Stip., par. XX, R. V. I, 431), thus swelling the operation expenses for permanent improvements, it is difficult to calculate how much money this company has unreasonably exacted from the public in that year. There was in addition to a 6 per cent. dividend in 1902 as shown by said Ex. 3, to Mr. Fish's evidence (R. V. II, 812), earned and applied to betterments, $4,994,502, about $113,249 more than in 1903 (Stat. Rys., 1903, p. 541; **Id.**, 1902, Cols. 16, 17, p. 537); and, as stated, in addition to paying dividends

of 5 per cent. in 1898 and in 1899, and 5½ in 1900, and of 6 per cent. in 1901, 1902 and 1903, there has been exacted in 1900, 4.02 per cent.; in 1901; 4.78 per cent. in 1902, 6.30 per cent.; and in 1903, 5.24 per cent. of its capital stock (see Stip., par. XXXI, R. V. I, 438), for additions to the permanent improvement of its property, and which should have been paid by its stockholders, and there should not have been filched from the public as a contribution to capital this unnecessary sum of $18,639,321.

It was shown by the official returns that the net earnings for the five months ending Nov. 30, 1903, had increased over the same period of the preceding year by about $144,498 (R. V. II, 810). To rebut this Mr. Fish testified that this had been wiped out by the December showing. If that was correct, (as subsequent developments show it was not), it appears that in July and August, 1902, and January, 1903, there were comparative decreases with the same months of the previous year of $235,394, $283,816, and $117,680, and, yet, for the whole year there was a net increase. The varying monthly exigencies of weather, collections, betterments, etc., cannot control but the average of the year should be taken.

Mr. Robinson shows (R. V. II, 60, 1) that its net earnings on its capital stock in 1901 was 10.56 per cent.; in 1902, 12.36 per cent.; in 1903, 11.29 per cent.; and that its net earnings increased in 1901 over 1900, 13.51 per cent.; in 1902 over 1901, 20.6 per cent.; and in 1903 over 1902, 3.61 per cent.; or a total increase in net earnings for the three years of 37.72 per cent.; or an average annual increase of 12.57 per cent. When the increase was only 3.61 per cent. in 1903 over 1902, unmindful of the fact that it had been 20.6 per cent. in 1902 over 1901, and of 13.51 in 1901 over 1900, the unreasoning cry of an increasing decrease is made the predicate to exact this additional $1,000,000 per annum from these lumbermen.

CHICAGO, ST. LOUIS AND NEW ORLEANS.

(Illinois Central south of Ohio river, and to which this advance of 2c is allotted.)

This railroad is a separate, corporate entity from the Ill. Cen., and is leased to the Ill. Cen. (R. V. II, 823) for 400 years from 1882, and by an additional lease, as to Mississippi and Tennessee branch, or Memphis Division, from Grenada to Memphis, in 1889 (R. V. II, 832). These leases in evidence show that the autonomy of the Chic., St. L. & N. O. R. R. Co. was preserved, its officers and offices maintained, and that the Illinois Central, as lessee, was to maintain the property in as good order as when received, at its own expense; was to receive all of its assets; was to pay the taxes on the leased property; was to pay an annual 4 per cent. dividend upon $10,000,000 of capital stock as rent (R. V. II, 827), and was to pay off the principal and interest of (R. V. II, 825, 6):

1. 1st Mortgage bonds of N. O. J. & G. N. R. R., of 1856,	$2,847,000
2. 2d Mortgage bonds of N. O. J. & G. N. R. R., of 1860	1,483,000
3. 1st Mortgage bonds of Miss. Cen. R. R., of 1854	335,000
4. 2d Mortgage bonds of Miss. Cen. R. R., of 1865	1,319,500
5. 1st Mortgage bonds of Chic., St. L. & N. O. R. R., of 1877	1,400,000
6. 2d Mortgage bonds of Chic., St. L. & N. O. R. R., of 1877	180,000
7. Memphis Division Mortgage Bonds of Chic., St. L. & N. O. R. R., of 1877	3,500,000
(R. V. II, 834.)	
Total face of	$11,064,500

When the Illinois Central should take up the $7,564,500 of bonds, being all of them except the $3,500,000 on the Memphis Division, it was to receive in lieu thereof an equal amount of the issue of $18,000,000 bonds of 1881 of the Chicago, St. L. & N. O. R. R. Co. (R. V. II, 826).

The lease provides that the Illinois Central shall receive the certificates of the capital stock of $10,000,000, and issue therefor its leased line certificates of stock for $10,000,000, and as long as the dividend of 4 per cent. was paid on the certificates of capital stock they were to remain with and to be voted by the Illinois Central (R. V. II, 827-8), and for that any further advance of money made by the Illinois Central to Chic., St. L. & N. O. R. R., with 5 per cent. interest thereon, the Illinois Central was to retain possession of the leased property as mortgagee

in possession until paid. (R. V. II, 829.) The provisions of this lease have been executed.

The annual report of the Illinois Central of 1903 to stockholders in general balance sheet shows as liabilities of Illinois Central (see Stip., par. IX, R. V. I, 426):

Leased line stock $10,000,000
Funded debt, Chic., St. L. & N. O. R. R. 16,234,000

and these are all of the liabilities of the Illinois Central for the Chic., St. L. & N. O. R. R. Co., shown in said balance sheet of the Ill. Cen. R. R. Company.

The history of the Chic., St. L. & N. O. R. R., as given by Mr. Fish's prepared statement read in evidence by him, and by his evidence in connection therewith, is that (R. V. II, 451), "the plan of re-organization effected in 1877 contemplated a present fixed charge of $991,602.00, and a charge after 1882, of $1,453,002; this on an absolutely broken down railroad, bankrupt in credit, and bankrupt physically, unsafe for travel and destitute of equipment, the extreme length of which, including a worthless branch, did not exceed 567 miles. That is to say, that the immediate interest charge was at the rate of $1,748.85 per mile, and from 1882 onward it was to be $2,562.61 per mile."

Thus, the public and not the stockholders of the re-organized corporation was to furnish the capital to create anew this bankrupt corporation.

Mr. Fish further admits (R. V. II, 458) as recited in Poor's Manual, that the Ill. Cen. first made a contract with the N. O. J. & G. N. R. R. Co., and the Miss. Central (then the Southern R. R. Assn.) whereby it was to devote a part of the earnings from the traffic received from these roads as a guaranty fund for their extension bonds. This proved ineffective; and so, afterwards, the Illinois Central agreed to guarantee or to take a certain amount of mortgage bonds of both companies to make the extension from Jackson, Tenn., north to Cairo, a distance of 106 miles. The Illinois Central became the owner of $5,000,000 of these bonds issued in 1872 for this extension. Default was made in natural and foreordained course, under this progression of absorption by Illinois Central, in the payment of these extension bonds; and the mortgages were foreclosed in 1877, and

there was found to be outstanding $3,963,236.06 of N. O. J. & G. N. R. R. extension bonds of 1872; annd the N. O. J. & G. N. R. R. was sold, at public sale, under the decree, for $1,050,000. In the foreclosure of the 1872 bonds of the Mississippi Central there was found to be outstanding $4,420,374.40, and the road was sold, at public sale, under the decree, for $425,000.00. The Illinois Central owned about two-thirds of these extension bonds, and there was an unsatisfied deficiency of $6,908,610.46 of extension bonds after the application of the proceeds of foreclosure sale. These foreclosures were subject to the underlying bonds which, as shown, **supra,** in the lease of 1882 were:

1st mortgage N. O. J. & G. N. R. R. bonds of 1856	$2,847,000
2nd mortgage N. O. J. & G. N. R. R. bonds of 1860	1,483,000
1st mortgage Miss. Central R. R. bonds of 1854	335,000
2nd mortgage Miss. Central R. R. bonds of 1865	1,319,500
Total	$5,984,500

The purchasers under foreclosure sale in 1877 (R.V. II, 450) being these extension bondholders, the Illinois Central and its directors, by agreement of Nov. 7, 1877, organized the Chic., St. L. & N. O. R. R., with capitalization:

Capital stock		$10,000,000
1st mortgage 7 per cent. bonds	$13,000,000	
2nd mortgage 6 per cent. bonds	8,000,000	21,000,000
Total		$31,000,000

There was nothing paid in on this capital stock of $10,000,000 except the railroad property purchased, and it was burdened with $21,000,000 mortgage bond debts. (R. V. II, 450.) From 1878 to 1881, Mr. Fish states, "the road was rebuilt from end to end, the guage changed to conform with what is now the universal standard in the United States, and every car and engine rebuilt, new cars and engines bought, shops built and rebuilt, every bridge rebuilt, every bar of iron replaced with steel rails, grades reduced, line lengthened at great expense to come up squarely to Cairo, road ballasted in large part," etc. (**Id.**, 450.)

Thus, this entire reconstruction of this physically bankrupt road. destitute of equipment, etc., was not paid for by this $10,000,000 of stock. The holders of this $10,000,000 of stock, according to Mr. Fish, furnished the corpse, the public paid for its resurrection.

In 1881, the Chic., St. L. & N. O. R. R. Company made a new mortgage of $18,000,000 (not $21,000,000) bearing 5 per cent. interest (R. V. II, 450). All of the 6 per cent. and 7 per cent. bonds owned by the I. C. R. R. Company and by officers, directors and friends of that company, were converted into bonds of this $18,000,000 issue, and all of the 6 per cent. bonds except $80,000 were converted into them. "It was this great reduction in interest, this dedication of the earnings to betterments and the connection with the I. C. R. R., a prosperous and growing concern, which, with the growth of the country, gave value to the stock." (First R. V. II, 450.)

The claim was made by Mr. Fish that the amount of the deficiency of the bonds of 1872, unpaid by the proceeds of the foreclosure sale of the road in 1877, was a valuable consideration for the issue of the $10,000,000 of stock to the reorganizers. As all the property of these bankrupt corporations was sold, the railroads themselves bankrupt, physically, and destitute of equipment, and actually wholly reconstructed from 1878-1881, according to Mr. Fish, it would seem that a deficiency on a mortgage debt, with about $6,000,000 underlying bonds, would hardly pass for a payment of value for the stock.

Under these circumstances the lease of 1882 was made, whereby, on this $10,000,000 of stock, the Illinois Central agreed to pay, after paying taxes, cost of maintenance of track and equipment, etc., a fixed annual dividend of 4 per cent., and to take up the outstanding bond issues thereon, as stated in said leases, of $11,064,500, and to receive for $7,564,500 thereof an equal amount of said $18,000,000 bond issue.

The Illinois Central made a stock dividend of this Chic., St. L. & N. O. R. R. Co. stock to its stockholders of 17 per cent., (R. V. II, 455), so that the stockholders of the Illinois Central, or their assigns, receive the 4 per cent. dividend on this stock; and, also, the 6 per cent. dividend upon the Illinois Central stock, as stockholders of the Illinois Central, and as earnings of the Illinois Central.

As a financial proposition the Illinois Central thus charges the public with the payment of all of the interest on the bonds which re-created the road; and then, after paying operating expenses and taxes, requires it to pay 4 per cent. dividend on this $10,000,000 of stock; and then, in addition, to pay, in part, the dividends on the $95,040,000 of Illinois Central R. R. stock proper, its interest, etc. This, in itself, is unreasonable. In practical operation it is made more unreasonable.

The Preliminary Report on Income Account, 1903, in U. S., pp. 38, 39, 44, 45, and R. V. II, 532, show that the net earnings of the Chicago, St. L. & N. O. Railroad (Ill. Cen. Railroad south of the Ohio river), for 1903 were $5,569,609; an increase over 1902 ($5,023,320) of $661,489.

The net earnings of 1903, $5,569,609, divided by 1,374 miles (number of miles south of Cairo) equals $4,148 net earnings per mile. The net earnings of 1903 of Illinois Central north of Ohio river were $9,780,584, which divided by 2,926 miles (number of miles north of the Ohio river) equals $3,349 of net earnings per mile; or, an increase of net earnings per mile south over those north in 1903 of $779.

The statement filed in evidence of Chic., St. L. & N. O.R. R., (Ex. G to Mr. Bowes' Ev., R. V. II, 854) showing receipts operating expenses, etc., shows:

	1902.	1903.
Gross receipts (over charges deducted)	$14,284,898.81	$15,948,872.83
Operating expenses	9,257,568.58	10,399,550.86
Net income from operation	5,027,330.23	5,549,321.97
An increase over 1902 net income of		$521,991.74
Interest on funded debt and leased line certificates	$ 2,352,662.68	$2,364,613.17
Rentals of leased lines	60,588.09	52,039.70
Taxes	443,655.97	444,255.82
Surplus	$ 2,170,423.49	$2,688,413.28
Miles of road operated	1,263.28	1,278.98

Amount expended in permanent improvements charged to construction acct	$1,647,785.95	$3,503,660.28
Overcharges	660,804.85	740,054.35
*Funded debt per mile road	37,166.86	36,782.63
*Capital stock per mile road	8,046.86	7,946.47
*Total capitalization per mile	45,213.72	44,729.10
*Princeton to Gracey, 20.56 miles, not included.		
Interest charge per mile of road including the dividend on lease line stock 4 per cent. on $10,000,000		$1,766.26

This statement shows that after paying all of the operation expenses, and deducting overcharges (whatever that may be) of $740,054.45, the **net income**, in 1903, was $5,549,321.97. It is to be noted that $3,503,660.28 in 1903 was expended in **permanent improvements.** and was charged to construction account, and this amount was manifestly charged to operation expenses in arriving at the "surplus" of $2,688,413.28 of 1903. If this $3,503,660.28 was charged to operation expenses it should be charged back, and placed in net income, and this would increase net income of 1903 to $9,052,982.25. If this is not done, however, and the net income is left, as stated, $5,549,321.97, after paying all interest, and 4 per cent. dividend on $10,000,000 of stock, $2,364,613.17; and rental of leased lines, $52,039.70; and taxes $444,255.82, there is left a **surplus of net income** for the year 1903 from operation of $2,688,413.28; or, per mile of road, 1,278.98 miles, of $2,136.72; an excess over the interest charges and 4 per cent. dividend per mile of road of $1,766.26, of per mile, $470.46. The dividend, thus earned, on $10,000,000 stock would be 4 per cent., plus $10,000,000 divided by $2,688,413.28, and equals 26 per cent.; or, a net profit, in 1903, on $10,000,000 stock of 30 per cent.

This $2,688,413.28 "surplus" of 1903, is 2.8 per cent. on the $95,040,000 of capital stock of the Illinois Central; and, thus, besides paying a dividend of 4 per cent. on its own capital stock, and earning 2.8 per cent. dividend on the whole capital stock of the Illinois Central, this road expended $3,503,660.21 in permanent improvements in 1903. As the Illinois Central made a

stock dividend of the stock of Chic., St. L. & N. O. R. R. (R. V. II, 455), these earnings of Chic., St. L. & N. O. R. R. are the assets of the Illinois Central for its own stockholders.

The foregoing table showing the statement of receipts, operation expenses, net income, payments therefrom, and surplus for 1902 and 1903, was filed in evidence before the Commission and is found in R., V. II. 854, and it is treated, **supra.**

This statement filed in evidence before the Commission for 1902 and 1903 has been brought down since that hearing through 1904 and 1905, and it shows a continued improvement, both as to gross earnings, net earnings and surplus. (Dfts. New Ev., R. V. II, 237.) In the statements, its net earnings in 1905, $5,700,635.27, exceeded those of 1903, $5,549,321.97, by $151,313.30. From the net earnings of this road there is paid (see Stip., par. XXXVII, R. V. I, 442-3): (1) Interest on the funded debt; (2) 4 per cent. dividend on the $10,000,000 of stock, declared out as a dividend of 17 per cent. to Illinois Central stockholders; (3) rentals of leased lines; (4) taxes. And the balance, amounting in 1902 to $2,170,243.49, and in 1903 to $2,688,413.28, and in 1904 and 1905 to approximately the same amounts, is put in the treasury of the Illinois Central under the title of "Surplus." This "Surplus" (**Id.,** XXXVIII) differs from ordinary "surplus," in that it arises out of and is confined to each year's transactions—it is the net profits of each year. But from these statements rendered, there is no disposition made of it; nor is this surplus of one year carried forward into the next year's accounts as is done in the Illinois Central's regular report. This Chic., St. L. & N. O. R. R. has a separate bookkeeper from the Illinois Central (R. V. II, 440) and he knows nothing of the relations between his books and those of the Illinois Central (R. V. II, 444-5).

Under the lease to Illinois Central for 400 years (R. V. II, 829), sec. 5, the property of the Chic., St. L. & N. O. R. R. is to be retained by the Illinois Central, as lessee, after the lease expires for a term sufficient to reimburse it for the cost, with 5 per cent. interest, of any improvements made beyond the calls of the lease, if this sum is not paid by the Chic., St. L. & N. O.

R. R. Company. The money expended in construction and improvement by the Illinois Central R. R. Co., as lessee, is thus made an obligation of the Chic., St. L. & N. O. R. R. Co., and it is in no sense a betterment paid for by the Illinois Central on its own account, or on account of its own property. Thus., when the Illinois Central states that it has expended so many millions in permanent improvements out of the earnings of the Chic., St. L. & N. O. R. R. Co., and charged them to "construction account," it is but another form of stating that the Chic., St. L. & N. O. R. R. Co. is making these improvements for the benefit of Illinois Central, as lessee, and is to pay therefor.

To show the financial evolution of Chic., St. L. & N. O. R. R., Mr. Andrews, counsel, filed a statement of "net income or deficit," (the "surplus" of the statement, R. V. II, 854; Defts. New Ev., V. I, 237), for the years from 1891 to 1905 (see Stip. Rys., XL VII, R. V. I, 45 7-8), and that statement shows that up to and during 1894 there was each year a deficit in net income. That the net income of the year ending 1894 showed a deficit of $155,229.71; and that for the fiscal year ending June 30, 1895, this deficit was changed into a profit of $299,967.64, and continued to be a profit even during 1898 and 1899 (yellow fever years), and in 1903, this profit was $2,696,421.24 (see Stip., par. XLVII, R. V. I, 457-8).

It was in 1894 that the adjustment of yellow pine lumber rates of the railroads east and west of the Mississippi river was made, whereby the rate on the east side was reduced to 13c, the rate on the west side. From that time the "net income" of Chic., St. L. & N. O. R. R. Co. became a **profit** instead of a **deficit**, increasing yearly on an average. Thus, under the 13c rate, whereby lumber from the mills east of the Mississippi river could compete with those west of the river north of the Ohio river, the deficit becomes a "net income," or profit. This continues throughout to the present time. The effect of the advance to 14c in September, 1899, is clearly marked in this statement, whereby the net income of 1899 of $106,434, increased in 1900 to $892,903; in 1901, to $1,482,891; in 1902, to $2,149,425; in 1903, to $2,696,421; and, by continuing increases, in 1904 and 1905. Thus, according to those exhibits the "sur-

plus"—that is, the net profit after all expenses, interest, dividends, taxes and rents are paid—amounts to this enormous sum each year.

It was contended by counsel below that "betterments" and "improvements" should be charged to "operating expenses," and that this Court had sustained that rule, citing upon argument **Un. Pac. Ry. Co. v. U. S.,** 99 U. S., 402, 420. That case will be found not to involve the principle applicable to the present case. There, the United States had advanced money to the railroad company, and was to be paid 5 per cent. of the net earnings: and the question was, in a contest between the stockholders and the United States—both standing in the relation, practically, of stockholders—as to what expenses should be deducted from gross earnings, to arrive at net earnings. The Court held that a reasonable amount for betterments and improvements should be deducted. Thus, in a case involving stockholders interests, and not those of the public as rate payers, the practice of reducing dividends by improvements of the property was approved.

That case was under review in

So. Pac. Ry. Co. v. Board of Commissioners, 78 Fed., 236, involving the question here, namely, in fixing rates, what should be allowed as deductions from gross earnings in order to ascertain net earnings; and the Court held that the Commissioners in fixing rates should exclude betterments, but should allow for reasonable renewals, improvement of road, track and equipment.

Thus, the public may be charged with rates to preserve and maintain the property in an efficient condition to do the public service, but that the stockholders, and not the public, must pay for the betterments to their property.

The effect of this 2c advance is hardly perceptible in these earnings of 1903, for the rate went into effect April 15, 1903, and only 1½ months of this increase was available, or only about $125,000 distributable among all of the interested roads.

The Illinois Central report to stockholders 1903, p. 3, shows that during the year 1902-03, it bought 63 new engines, of which 7 were to replace old ones, or 56 new additions to equipment (Stip., par. XXI, R. V. I, 431). The average number of miles operated was 4,292, or one new engine for every 75 miles of road

(**Id.**, XXVI, V. I, 433). Also, there were 9,666 new freight cars added to equipment, or 2.27 cars per mile (**Id.**, XXI, R. V. I, 431). Mr. Fish testified that the Illinois Central had, and had had more traffic than it could haul, and that it was buying additional equipment as fast as it could to meet this demand (R. V. II, 462). With more traffic offered than it could haul, with full dividends paid, and a growing net income every year, it would not seem that the Illinois Central, either north or south of the Ohio, had any just claim to more revenue; and this is further demonstrated by its subsequent financial condition.

Illinois Central Annual Report to June 30, 1903, shows (see Stip., par. XXVI, R. V. I, 433):

Net income from operation	$10,729,393.13
Surplus dividend fund from 1901-02	1,132,446.92
Net available for dividend, 1903	$11,861,840.05
Disposed of as follows:	
Annual dividends, 6 per cent.	$5,702,400.00
Sinking fund set apart to provide for bonds	100,000.00
Set aside for betterments	4,881,253.13
Surplus	1,178,186.92
	$11,861,840.05

This $11,861,840.05 would be 11.29 per cent on its $95,040,000 of capital stock.

Illinois Central report to June 30, 1904, shows (see Stip., par. XXVII, R. V. I, 434):

Net income for the year ended June 30, 1904	$ 8,865,927.51
Surplus dividend fund from 1903	1,178,186.92
Amount available for dividends	$10,044,114.43
Disposed of as follows:	
Annual dividends, 6 per cent.	$ 5,702,400.00
Advanced to Dubuque and Sioux City Railroad Co.,	536,618.76
Set apart for betterments	2,579,328.75
Amount carried forward to surplus dividend fund for future dividends	1,225,766.92
	$10,044,144.43

Being 10.56 per cent. on $95,040,000 of capital stock.

Illinois Central annual report to June 30, 1905, shows (see Stip., par. XXVIII, R. V. I, 436):

Net income to June 30, 1905	$10,135,341.98
Surplus dividend fund brought fwd. from June 30, '04,	1,225,766.92
Amount available for dividends	$11,361,108.90
Disposed of as follows:	
100th semi-annual dividend, 6 per cent. regular, and 1 per cent. extra—7 per cent.	$ 6,652,800.00
Discount on bonds sold	1,255,395.71
Added to insurance fund	500,000.00
Set apart for betterments	1,863,886.27
Carried forward to surplus dividend fund for future dividends	1,269,026.92
	$11,361,108.90

Being 11.94 per cent. on capital stock, of $95,040,000.

The dividends paid were 7 per cent., and in addition thereto the amount added to insurance fund (see Stip., par. XXIX)	$ 500,000.00
Amount set apart for betterments was (see Stip., par. XXX)	1,683,886.27
Amount carried forward for future dividends (see Stip., par. XXVIII)	1,269,026.92
Total	$3,442,913.19

Or, about 5 per cent. on the capital stock.

Dividends of 1898, were 5 per cent.; dividends, of 1899, 5 per cent.; dividends of 1900, 5½ per cent.; dividends of 1901, 6 per cent;. dividends of 1902, 6 per cent.; dividends of 1903, 6 per cent.; dividends of 1904, 6 per cent.; dividends of 1905, 7 per cent. (see Stip., par. XXXI, R. V. I, 438). An **increasing increase.**

In the **Illinois Central** report 1905, the comparisons show (see Stip., par. XXXII, R. V. I, 438-9):

Gross receipts increased	5.72 per cent.
Expense of operation increased	.89 per cent.

Taxes increased	4.38 per cent.
Receipts of sales from land decreased	93.94 per cent.
Excess of income over expense of operation and taxes increased	15.84 per cent.
Net income for fiscal year increased	14.32 per cent.
Amount available after deducting fixed charges increased	13.11 per cent.
Amount of dividend paid to be set apart	16.67 per cent.
Sum appropriated from income for betterments decreased	34.72 per cent.
Sum appropriated from income for other purposes	227.12 per cent.
Surplus dividend fund has been augmented by	3.53 per cent.

Of the $4,400,822.27 (p. 11) expended for permanent improvements (see Stip., par. XXXIII, R. V. I, 439), there was $1,683,688.29 defrayed from income. (See Stip., par. XXVIII, R. V. I, 437.)

From this it is manifest that the financial condition of the Illinois Central is better than at any time within its history; and as conclusive evidence that it does not need the 2c advance on lumber in aid of its revenue, it has offered to allow 2c per hundred as tap line divisions since February 1, 1906 (Enochs', R. V. I, Complts. New Ev., pp. 415, 401).

In addition to the foregoing, and as statistical evidence conducing to prove our position, the Illinois Central Reports of 1904 show on page 1, "Summary of the Company's business," which is set forth in the **Stipulation in the Record** in paragraphs XXVI, XXVII and XXVIII, R. V. I, pp. 433, 434, 436; and on page 2 thereof, Title, "As compared with the preceding year," which is set forth in said Stipulation, par., XXXII (R. V. I, 438-9); and its "General Balance Sheet," which is set forth in said Stipulation, par. XLI (R. V. I, 448); and on page 14, table No. 7, "Average Receipts per Ton per Mile," which is set forth in said paragraph XLI of said stipulation.

Exhibit No. 3 of Mr. Fish's testimony (R.V. II, 812) shows the statistical history of the Illinois Central, both north and south of the river, from 1883 to 1903, inclusive, and shows an enormous

increase in the "net receipts from operation" and in the "permanent improvements and other expenditures paid from income," and in the "yearly net receipts applicable to dividends," and confirms our contention.

Louisville & Nashville.

The reports to stockholders 1900-1903 in evidence show (R. V. II, 638; see Stip., par. X, R. V. I, 426) that the Louisville & Nashville charged to operation expenses these sums for permanent improvements in 1899, $517,784.59; 1900, $1,021,843.06; 1901, $1,474,502.72; 1902, $1,487,279.19; 1903, $2,000,203.63; or, in five years, $6,501,073.19, an average, per annum, of $1,300,214.64; or, 21 2-3 per cent. on its capital stock of $60,000,000 (Stat. Rys., 1903, p. 348).

Its said report for 1902-03, p. 8, "Growth of Traffic," net earnings, etc., from 1893 to 1902 shows an exceedingly satisfactory financial growth (R. V. II, 641) thus:

LOUISVILLE & NASHVILLE.

YEAR.	AVERAGE MILES OPERATED.	GROWTH OF GROSS EARNINGS.	OPERATING EXPENSES.	NET EARNINGS.	NET EARNINGS PER MILE.	PER CENT. OF EXP. TO EARNINGS.
1893–4	2,955.98	$18,974,336.93	$11,863,784.87	$7,110,522.06	$2,405.49	62.53
1900–1	3,169.27	28,022,206.90	18,233,033.50	9,789,173.40	3,088.77	65.07
1901–2	3,326.75	30,712,257.37	20,902,437.84	9,809,819.53	2,948.77	68.06
	Inc. 156.48					
1902–3	3,438.93	35,449,377.84	23,970,812.44	11,478,565.40	3,337.83	67.62
	Inc. 112.18					

In 1902-3 expenditures for "equipment" "improvements and additions to the property," charged to operating expenses (report, p. 9), were $2,000,203.63. (See Stip., Par. X, R. V. I., 426).

The following comparison illustrates that there is no "increasing decrease" with it:

		1902–3	1901–2	PERCENTAGE INCREASE.
Earnings per ton per mile	(Report p. 16)	.779	.741	5.1282
Expense per ton per mile	" "	.542	.513	5.6530
Net earnings per ton per mile	" "	.237	.228	3.974
Percentage of expenses of freight earnings	" "	69.53	69.21	.4624
Net earnings per mile of road	" "	$3337.83	$2948.77	13.1943
Cash dividend 5 per cent. 1903		$3,000,000	(Stat. Rys. 1903, p. 580)	

Surplus after payment of dividends to credit of profit and loss account (report, p. 22), $3,211,047.74 (see Stip., par. X R. V. I, 426).

If the amount of $2,000,203.63, which was deducted from income in 1902-03, through its charge to operating expenses, was added to the $3,000,000 dividend, it would have yielded a dividend of 8.33 per cent. in 1903, without touching the "surplus" of $3,211,047.74.

This demonstrates that the L. & N. has no right to claim an increase in its revenues; and its subsequent financial condition confirms it, as shown by the report of the Louisville & Nashville of 1905 in "Growth of Traffic," and "Improvement Account," set forth in said Stipulation, paragraphs XLIII, and X (R. V. I, 450, 426).

Southern Railway.

The capitalization of the Southern Railway is so unreal as not to be a basis upon which to predicate actual transactions. It was an evolutionary scheme, in which the factors are these depreciated railway properties, operated by financial genius, upon a confiding and willing public, to exact sufficient tolls to ultimately create anew the properties, and to make the capital stock of value. Such is its history deduced from the evidence and from its annual reports. This evolution has developed rapidly because of the excessive tolls exacted from the public for the services rendered.

In its answer to complainant's Int. 9, (see Stip., par. XI, R. V. I, 426-7), it has set forth in full its earnings, growth of income, etc., from 1895-96 to 1903. In 1894-95, when, according to its report, its properties were so run down as to require practically reconstruction, its gross income was $17,114,-791, and its net income was $5,051,937.43 (**Id.**, par. XI, XXII, R. V. I, 426, 431-2).

Each succeeding year its gross and net incomes increased until its gross in 1903 reached $42,354,059, and its net $11,364,919. Prior to 1897 it paid no dividends; in 1900 it paid 3 per cent. on its preferred stock (see Stip., par. XXII, R. V. I, 431-2; R. V. II, 980). In 1900-01 it paid on its preferred stock 4 per cent.; in 1901-02 one dividend on preferred stock of $1,500,000; in 1902-03, three dividends of $1,500,000

each, aggregating $4,500,000; and, after charging off $221,497.58, it carried over to the credit of profit and loss, $5,962,561.57 (see Stip., par. XLVIII, R. V. I, 458).

When consideration is given to the enormous amount of earnings which must necessarily go into operation expenses under this scheme of development its net earning's balance is no criterion for judgment.

The Southern took up the Mobile & Ohio which, as shown, up to that time had never declared a dividend except once, and that of 1 per cent., and by its contract stipulated that it would guarantee a dividend of 4 per cent., after three years, on the capital stock of the Mobile & Ohio, and to evidence this obligation issued its own certificates for those of the Mobile & Ohio (R. V. II, 408). Thus, by contract, irrespective of the public or its rights, it is to exact the tolls to pay this 4 per cent. dividend, and whether reasonable or unreasonable. The 4 per cent. must be earned, and then something more for the Southern itself, and thus the unreasonable demand extends through two impecunious corporations.

The Reports of the Southern Railway for 1904 and 1905, by its "Income Account," and by "Improvements and Betterments not to be capitalized," set forth in paragraphs XXXIX-IV of said stipulation (V. I, 444, 422), show that its improvement has materially advanced since 1903, and that masterly success has attended the development of these run-down properties at the expense of the public.

The annual report of the Southern Railway Company for October 1, 1904, (see Stip., par. XXXIV, R. V. I, 440), shows by income account that gross earnings from operation exceeded in 1904 those of 1903 by $2,775,717.58; and that operating expenses and taxes, for 1904, exceeded those of 1903, $2,126,327.24; and that the net earnings from operation of 1904 exceeded those of 1903 by $629,390.34; and that a dividend of 5 per cent. on its preferred stock was paid in 1903 and 1904; and that in 1904, after paying 5 per cent dividend, there was a "surplus" over preferred dividend of $1,180,399.92—an increase over 1903 of $337,922.86,

and with "special appropriations for improvements" not to be capitalized, consisting of costs of reduction of grades and curvatures, eliminations of grade crossings, new shop and station buildings, strengthening bridges not requiring renewals but needed for use of heavy motive power, new locomotives, in anticipation of renewals, and miscellaneous small improvements not producing revenue.

For 1905, the income account (Annual Report, Southern Railway, Stip., par. XXXV, R. V. I, 71) shows that the gross earnings from operations increased in 1905 over 1904, $3,035,330.81; and that the net earnings from operations in 1905 exceeded those of 1904 by $1,068,283.32. That 5 per cent. dividend was paid in 1905 on the preferred stock; and that after this payment there was a "surplus" over preferred dividend of $2,151,632, or, an increase over 1904 of $971,232.08; and, after appropriating for betterments not to be capitalized, the sum of $1,056,549.49, there was carried as a balance to credit of profit and loss, $1,095,082.51; and the same recital is made as to improvements, and betterments not to be capitalized as is recited, **supra.**

The condition of the Southern subsequent to the date of this advance, April 15, 1903, confirms our contentions.

Mobile & Ohio.

Fortunately the Commission had in its records the status of the Mobile & Ohio. This road was destroyed during the Civil War, and rebuilt after the war, and it carried in its construction account the cost of both constructions. The separation of these eras of construction was called for and promised but for some reason was not furnished. Its "cost of road and property" is given in its annual report to stockholders of 1903, (see Stip., par., XII, R. V. I, 427), to be $27,353,922.30. Its capital stock outstanding, **Id.,** p. 17, is stated to be $5,370,600. Its funded debt, **Id.,** p. 6, is given as $26,450,765.56. Its earnings and expenses in 1903 increased over 1902 thus:

Its gross earnings increased, **Id.,** p. 9	15.01 per cent.
Maintenance of way and structures increased	31.20 per cent.
Maintenance of equipment increased	31.53 per cent.
Conducting transportation increased	8.89 per cent.
General expenses increased	5.59 per cent.
Taxes decreased	3.89 per cent.

As stated, one-half of this 8.89 per cent. of increase for conducting transportation was for fuel (**Id.**). The large increase in maintenance of way and structures and of equipment reflects the large improvements being made; 216 miles of new rail, or nearly 25 per cent. of the whole system, having been relaid with 75lb. rail in 1902 and 1903. If an accounting for these reconstruction expenses in operation expenses was had in net income account, it would be largely increased. As it is after the operating expenses for 1902 of $4,489,186, were increased in 1903 to $5,211,171, or $721,985, the net income still increased from $2,020,302 in 1902 to $2,275,808 in 1903, or $255,506, and it paid, for the first time in its history, a dividend of 2 per cent. and still carried to the credit of profit and loss, $305,213.93 (see Stip., par., IV. R. V. I, 422).

The Exhibit, showing the financial condition of the Mobile & Ohio from 1889 to 1903, is on record, V. II, 934, and it shows the increase of "net income from operation" from $772,166.77 in 1894-5 to $1,639,719.36, or more than 111 per cent.

This increasing prosperity is confirmed by the report of the Mobile & Ohio of 1905, by "Income Account," and "Cost of Road," and "Operating Account," set forth in par. XXXIX, of Stipulation, V. I, p. 444, of record.

If the M. & O. is entitled to more revenue, which we deny, it can be readily raised so far as lumber is concerned, and a better result attained than by this advance of 2c, by cancelling the 3c-3½c tap line divisions which is deducted from its share of the rate on nearly all of the lumber arising on its line. Let it be just before it is generous.

The Gulf & Ship Island.

The annual report to its stockholders for 1903 demonstrates that it is not entitled to more revenue but on the contrary could easily stand a reduction of from 3c to 3½c on lumber. The evidence shows that its $5,000,000 of capital stock was **margin** in the construction of the road. Mr. Gee, the auditor, could not tell from his books whence it came. (Defts. New Ev., V. I, 200). Its income account of 1903,(see Stip., par. XIII, R.V. I, 427-8), shows its net income from operation increased in 1903 over 1902, 44.05 per cent.; and that, while its gross earnings increased in 1903 over 1902, 24.03 per cent, its operating expenses and taxes only increased 14.79 per cent; that it paid a dividend of 5 per

cent.; increased its surplus, 28.92 per cent., and carried over a surplus of $333,718. That its operating expenses in 1903 were 63.32 per cent., and in 1902, 68.42 per cent., or a decrease in 1903, of 5.1 per cent.; and that the increase of net earnings per mile operated in 1903 over 1902, was $762. On p. 13, said Report, (**Id.**) it is stated: "Of the increase of $330,363 in total earnings in 1903, $247,263, accrued in the freight department, and $71,629 in the passenger department, the remainder being derived from miscellaneous sources." Even without expurgation of its capital stock account these figures from its own reports show that it is in no need, for any reason, for an increase of its revenue; and, especially, not to meet an "increasing decrease" in its net income.

The exhibit to Mr. Gardiner's evidence (R. V. II, 679) of the Gulf & Ship Island income account to Sept. 30, 1903, shows an increase of surplus over the corresponding three months of the year before, and thus the **increasing increase** continues.

The Commission (R. V. II, 876-7) tabulated the comparative gross and net earnings, etc., of the railroads interested from 1890 to 1903, and showed that the net earnings had greatly increased. (Op., R., **Id.,** 976-982.) From the Statistics Railways of the United States, prepared by the Commission in evidence we compiled a continuation of these statistics (R. V. II, 976-7) in the Circuit Court, and read the same in evidence in the Circuit Court (Complts. New Ev., V. I, 396-7, 484) as follows:

Findings of Interstate Commerce Commission (R. V. II, 976) extended to include 1904 and 1905, taken from the Statistics Rys. U. S., 1905, pp. 38, 40, 44, 46, 42, 36.

ROADS.	Years	Gross Earnings from Operations.	Total Operating Expenses.	Percentage of Operating Exp. to Earnings.	Net Earnings.	Net Earnings Per Mile Of Road.	Total Mileage Operated.
Illinois Central Railroad (south of Cairo)	1903	$16,193,850	$10,624,241		$ 5,569,609		1374
	1905	18,857,106	13,142,316		5,714,790		1402
Increase		$2,653,356	$2,518,075		$145,181		28
L. & N. (south of Ohio River)	1903	$33,334,612	$22,462,486		$10,872,126	3322	1342.48
	1905	36,028,646	24,960,918		11,067,728		3877.98
Increase		$2,694,034	$2,497,432		$195,602		
Southern Ry. Co. (in Virginia and the Carolinas)	1903	$20,803,851	$13,833,223		$6,970,628	1986	3510.65
	1905	21,010,961	15,626,636		5,384,325		3311.06
Increase		$187,110	$1,793,413		$1,587,303	Decrease	
Southern Ry. Co. (west of Virginia and the Carolinas)	1903	$19,072,994	$13,984,134		$5,088,860	1570	3248.48
		21,010,961	15,626,636		5,384,325		
Increase		$1,937,967	$1,642,502		$ 295,465		
Cincinnati, N. O. & Texas Pacific	1903	$6,153,580	$4,431,571		$1,722,009		337.73
	1905	7,338,930	3,569,652		1,933,772		337.73
Increas		$1,184,350	$861,829	Decrease	$211,763		

ROADS.	Years.	Gross Earnings from Operations.	Total Operating Expenses.	Percentage of Operating Exp. to Earnings.	Net Earnings.	Net Earnings Per Mile Of Road.	Total Mileage Operated.
Alabama G. S. R. Co.	1903	$2,670,646	$1,900,748		$769,898		309.41
	1905	3,241,776	2,551,039		690,737		309.41
Increase		$571,130	$650,291		$79,161	Decrease	
N. O. & N. E. R. R. Co.	1903	$2,273,617	$1,592,005		$681,612		195.90
	1905	2,557,237	1,838,220		719,017		195.90
Increase		$283,620	$235,125		$ 27,405		
M. & O. R. R.	1903	$6,836,629	$5,077,311		$1,759,318		874.12
	1905	7,716,377	5,393,172		2,323,205		926.08
Increase		$879,748	$315,861		$563,887		41.96
Alabama & Vicksburg	1903	$1,149,039	$ 818,966		$330,073		142.78
	1905	1,353,788	1,036,997		316,791		142.78
Increase		$204,749	$117,031		$13 ,282		
G. & S. I. R. R.	1903	$1,705,047	$1,051,687		$653,360		251
	1905	1,877,397	1,361,369		516,028		279.77
Increase		$ 172,350	$ 309,682		$137,342	Decrease	

After diligent inquiry of both the Auditor, Mr. Gee (Defts. New Ev., R. V. I., 200), and of Mr. Jones, its President, it could not be found that anything was paid for the $5,000,000 of stock issued prior to June, 1903, out of a total book capitalization of $10,139,075.50. When the $5,000,000 of stock is deducted, the cost of the road, according to the books, would be $23,905 per mile, as against $40,394.72 per mile on the capitalization of $10,139,075.

Mr. Searles, an engineer of wide experience, examined the Gulf & Ship Island Railroad, and testified that the main line with equipment could be duplicated for $12,000 per mile and the branches for $9,000 per mile. (R. 579). Mr. Robinson (R. V. II., 85), testifies that it could not have cost $20,000 per mile, and that the $5,000,000 of stock was a gratuity.

The Gulf & Ship Island Report of 1904 (See Stip. par. XXVI, R. V. IX, 33,4), recites the "decided decline in the demand for lumber owing to the closing down of car works and general financial stringencies, etc., but, notwithstanding these unfavorable conditions, we were able to keep our revenue up to the high level reached the year previous." That for 1904 "gross earnings show an increase over the previous fiscal year, in which year railroad revenues generally reached the maximum."

The report of the Gulf & Ship Island for 1905 (See Stip. XXV, R. V. I., 432), "gross earnings show an increase over the previous year, notwithstanding prolonged interruption of traffic by the almost unprecedented rains of January, February and April."

The great falling off in the demand for lumber for cars during 1904–5, and the mills reducing running time one-third, necessarily had a great influence, temporarily, on the traffic, of the Gulf & Ship Island. That cause now has passed, and in 1905 there is an advanced demand for yellow pine lumber for cars. (Green, Defts. New Ev., R. V. I., 245,6; Enochs, Complts. New Ev., R. V. I., 406,7). Railroad reports, in evidence, speak of the same story of continued financial improvement during 1904 and 1905. And this, notwithstanding the fact, that during 1904 there was a great falling off in the shipments of lumber, and whereby the lumber mills ran only on two-third time, (L. Green, Defts. New Ev., R. V. I. 119,120), because of the falling off in the demand for the construction of cars by the railroad companies.

The Reports of the New Orleans & Northeastern Railroad for 1904 and 1905, by "Income Account" and "Expenses," set forth in paragraphs XLIV and XLV of said Stipulation. (R. V. I., 450-5), and the Reports of the Alabama & Vicksburg

Railway for 1904 and 1905, set forth in paragraph XLVI of said Stipulation (R. V. I., 455), show that they have had abundant financial prosperity, and that they should not, for the benefit of the intermediate railroads, joined in making this advance.

It is unnecessary to consider further the Alabama & Vicksburg Ry., and the New Orleans Northeastern, the Alabama Great Southern and the Cincinnati N. O. & Texas Pacific Ry., as the salient points in regard to their financial conditions have, so far as necessary, been considered.

The Commission compiled the statistics of the railroads under the 13c rate from 1895 to 1899, and under the 14c rate (R. V. II., 980) from 1899 to 1902, and it showed an increasing increase of net earnings of all the railroads except the Cin. N. O. & Texas Pac. Ry. Hence, the finding of the Commission and the Court that from a revenue point of view, the advance was unwarranted, should be affirmed.

III.

AS LUMBER TRAFFIC PROBLEM.

If the service rendered by the railroads was not sufficiently compensated, and if there was necessity for additional revenue, then, should this additional burden of 2c be put upon yellow pine lumber?

The evidence satisfactorily shows that this advance in the rate was confined to yellow pine lumber in the South, and a like co-temporaneous advance of 2c was placed upon grain in the West.

The theory of the selection of yellow pine lumber for this advance was:

1. That that industry was unusually prosperous, and that the traffic could bear it; and, that the short supply of cars could coerce its payment.

2. That the advance would be borne by the consumer, and not by the manufacturer.

The first of these grounds is unfounded in law and in fact; the second is unfounded in fact.

The Commission in the Proposed Advance in Grain Rates, supra., repudiated this favorite theory of the traffic men as a basis for rate making, viz.: that the standard of reasonableness was any rate which the traffic will bear, and declared that the real question was what the public should bear. The evidence to conclusively prove that the rate was reasonable was

assumed by the traffic men to be whether the traffic could move under the rate. If it did, the rate was reasonable; if it did not, the rate would be too high. In this unreasoning philosophy, the destruction of the traffic, with its disastrous consequences to property, was the sole evidence of the excess of rate. The death of the patient first shows the existence of disease to these illogical rate doctors.

The fact was proved beyond dispute that the advance could not be added by the manufacturers to the price, and, therefore, the manufacturer and not the general public, the consumer, is made to pay this advance out of the price of the lumber. The fact that this advance cannot be added to the manufacturer's price, and thereby, under the settled principles of commerce, be distributed upon the general consuming public, as the cost of transportation, demonstrates that the advance is unreasonable. The laws of trade require that the cost of transportation to the consuming market must be borne by commerce and not by the producer. The producer's price, plus freight, plus a margin of profit, is the selling price of the merchant. This law of trade was recognized by the carriers when they said that all the mill men would have to do would be to add the advance to the price and make the consumer pay it. It is unreasonable in the carriers to fix a rate upon lumber which forbids its transportation to market, except upon condition that the producer shall pay the freight out of his margin of profit. Thereby the rate becomes not a freight charge to be borne by the commerce in transit, but an impost laid upon the producer who must pay it or cease to do business. If the producer's margin of profit is too small to profitably operate after paying this advance, they must either operate at a loss or quit business. Thus, this advance is indirectly a tax laid upon the manufacturer, and as an element of cost in his manufacturing business, and not a charge upon the commerce itself to be paid by the general public. When the goods transported cannot be made to pay the freight, then they cease to be, legitimately, the subject of commerce, and the carrier's right ceases to exact his toll. If commerce cannot be made chargeable with its cost of transportation, then as a transportation problem, the traffic cannot move under the rate, and the carrier's exaction of it is unreasonable.

The amount of profit of the manufacturer is not a proper

element to consider to determine whether a rate is reasonable or not. (Op. Com. R. V. II., 987). The question is, what is a reasonable compensation for the service rendered by the carrier to the public, and it matters not whether the service is rendered to a prince or a pauper. It is the merit of the service rendered that must control.

If the profitableness of the lumber business is to be considered, then the lumber business is not sufficiently profitable to bear this additional burden.

Lumber, as shown, supra, (R. V. II., 173), is a constant, slow traffic, and not subject to sudden changes in market conditions. It might be called the regular customer of traffic. The conditions of its successful manufacture require that it should be produced whether the market is favorable or unfavorable. In 1896, when every mill in Mississippi was shut down except two or three, Mr. Enochs increased his output by working day and night to reduce his losses to a minimum, to avoid the catastrophe of disorganizing his plant by shutting it down

The evidence of Mr. Enochs, (R. V. II.) 181 shows the margin of a profit as a manufacturing problem; he gives the mill cost of lumber, the stumpage allowance therein, and the average sale price of lumber, and the difference between cost of manufacture, and not including the element of commercial hazards or losses; viz.:

May 1, 1901, to April 30, 1902.

Manufactured Feet.	Mill Cost Per M Including $1 Stumpage.	Average Sale Price.	Difference Cost and Sale Price Per M.
21,758,871	$9.39	$11.43	$2.04

May 1, 1902, to April 30, 1903.

	Mill Cost Per M Including $2.25 Per M Stumpage.		
23,296,773	$10.93	$12.35	$1.42

The stumpage was included in 1902-3 at $2.25 because that was the market value of stumpage at that time. (R. V. II., 181). Mr. Enochs had sold in 1902 a large body of pine lands near these and more remote from the Illinois Central at $2.25 per thousand, and, hence, his raw material had increased to that price. Mr. J. H. Hinton testifies that the price of stump-

age in the region north of Gulfport was $3 to $3.50 per thousand (R. V. II,. 131). Mr. Gardiner testifies (R. V. II., 25), that stumpage 15 miles from the railroad sold at $2.25 per thousand, and at $3 per thousand, three or four miles from the railroad.

Mr. Gardiner shows, (R. V. II., 46, 7), that it cost to manufacture lumber at his splendidly equipped mill about $10.50 per thousand, with stumpage at $2.50 per thousand; and that his average sales for the year 1902-3 were $11.77 at the mill; or, that the margin of the manufacturer's profit was $1.27 per thousand, or less than 10 per cent. of the average selling price.

J. J. Newman Co., at Hattiesburg, sold its output (R. V. II., 971):

For 1900 at the average price of $10.89.
For 1901 at the average price of $10.36.
For 1902 at the average price of $11.20.
For ten months 1903 at the average price of $10.24.

Fernwood Lumber Co. sold its output,(R. 972), with $9.39 milling cost, not including commercial losses, at $11.43, or on a margin of $2.04 per thousand feet from May 1, 1901, to May 1, 1902, or 7 per cent. on its capital, and on a margin of $1.42 per thousand feet for 1902-3 about 6 per cent, on its capital. (R. 972.)

The average profit in this section of manufacturing plants is from 10 per cent. to 25 per cent. profit. (Gee, Ev. R. V. I, New. 61.)

The profits of Eastman, Gardiner & Co., 1902-3 were (cost $10.50, selling price $11.77) $1.27 per thousand feet. (R. 973.)

Since the hearing before the Commission evidence was taken tc show cost and prices of yellow pine lumber to the manufacturer, (See Cmplts. New Ev., Appendices Exhibits I, 1, R. V. I., 409-10) as follows:

Butterfield Lumber Co. (on Illinois Central):

1903—Total cost lumber per M	$11.94
1904—Total cost lumber per M	12.92
1904—Average price lumber per M	12.54
Loss	.38
1905—Total cost lumber per M	$13.53
1905—Average price lumber per M	15.08
Profit	$1.65

Eastman, Gardiner & Co. (on N. O. & N. E. and Gulf and Ship Island):

1904—Total cost lumber per M	$10.37
1904—Average price lumber per M	10.64
Profits lumber per M	.27
1905—Total cost lumber per M	$11.44
1905—Average price lumber per M	13.57
Profit lumber per M	$2.13

Pearl River Lumber Co. (on Illinois Central) (See R. V. I., Complts. New Ev., 399-400):

1902—Total cost lumber per M	$10.14
1902—Average price lumber per M	12.55
Profits lumber per M	$2.10
1903—Total cost lumber per M	$10.22
1903—Average price lumber per M	11.93
Profit lumber per M	$1.71
1904—Total cost lumber per M	$11.03
1904—Average price lumber per M	11.68
Profit lumber per M	$ .65
1905—Total cost lumber per M	$11.43
1905—Average price lumber per M	13.69
Profit lumber per M	$2.26

The Illinois Central paid the same price for its lumber in 1902 as it paid in 1901. (R. V. II., 169.)

When this extreme low margin of profit to the manufacturer is considered, without deducting anything for commercial losses or hazards, which are bound to occur in marketing such a large volume of products, it demonstrates that the business is run on an extremely narrow margin of profit.

It has been contended that the advance in the price of stumpage is to be considered as an element of the profit to the manufacturer in fixing rates. This is unsound, The trees are a part of the real estate, (Fox v. Lumber Co., 80 Miss., 1, 6) just as a growing cotton or wheat crop would be, and they are

the mere raw material for the manufacture of lumber. As a real estate transaction those who have had the business foresight to buy timber cheap have made money. This profit on the timber was made whether the owner was a manufacturer or a real estate owner. Its raw material costs so much upon the market. If the cotton planter owns the land from which he grows cotton for a factory owned by him, is he not as much entitled to the selling price of his cotton as a profit on his plantation, if he used it as raw material for his factory, as if he sold it upon the market and bought other cotton upon the market for his mill? The principle is the same here. In fact, Mr. Enochs sold said large body of his stumpage at $2.25 per thousand rather than mill it; and if he now has to buy the stumpage for that mill at $2.25 per thousand, could it be said that his lumber did not cost him the $2.25 thus paid?

Mr. Compton by Ex. 1 to his evidence (R. V. I. Defts. New Ev., 287-308) and by Ex. 4, (Id. 311-321), and Mr. L. Green by his Exhibits Nos. 1, 2, 4 and 6, (Id. 323-329), endeavored to controvert the evidence for the Complainants as to the price of the lumber, but Mr. Enochs rebuts this evidence, (R. V. I. Complts. New Ev., 397-403), and shows that these Exhibits are misleading.

The fact that this rate is excessive is shown by its effect upon the Georgia mills where the land is not timbered as heavily as in Mississippi. Their testimony in Tift v. So. Ry. Co., supra, was that they were unable to market their lumber in Central Traffic territory because of this rate. The principles of Political Economy applicable to rent under these circumstances would be that where the rent (or rate) was above the cost of production plus a margin of profit, the first effect would be that the less productive lands would not be rented; then the next, and so on. This is just what happened. The Georgia mills, cutting thinner timber, could not market in the territory and it is thrown out as to them. True, the Mississippi mills can still operate, but the effect is noticeable upon them. Camp & Hinton, from being large shippers to this territory, have been driven to exporting all but 30 or 40 per cent. for 1903. (R. V. II., 129, 130.) The Clearing House Report for 1903, Exhibit 12 (R. V. II., 622 c), to Mr. Enochs's evidence, shows that while there had been a large increase in the cut of the mills in the

states of Arkansas, Texas, Missouri, Louisiana and Alabama, there had been a decrease of the cut of Mississippi, operating the same number of mills as in 1902, by about 15 million feet in the year 1903. This increase in 1903 in Alabama may be due to increase of exports through Mobile, but it is certain that the other states increased, while Georgia and Mississippi decreased.

The year 1904 was exceedingly adverse to lumber manufacturers. They had to reduce operations by one-third time, and then, as shown, **supra**, there was little margin in the business. This was caused by the falling off in the demand for cars. In 1902 there were about 140,000 cars built; in 1903 about 165,000; in 1904 about 65,000; in 1905 342,000; (R. V. I. Complts., New Ev., 406, 7, Enochs). The demand for cars and for lumber is in direct ratio. Hence, this abnormal demand for cars in 1905 has created an abnormal demand for lumber, and has made business good; but it is only temporary, and when this demand is supplied, the trade will recede to its normal relations.(Id.) (R. V. I. Defts. New Ev., Green, 244, 5, 6.)

The advance of this rate in 1903 could hardly be sustained by proving that the lumber business was, from temporary, abnormal causes, in 1905 rendered good. A condition no one could know would arise. What did happen immediately following the advance was an exceedingly depressed lumber trade; the trade in 1904 being almost disastrous.

The lumber men have as a rule made money, but they have made it like any real estate dealer would have done, viz.: buying these pine forests when they were cheap, and holding them until the deforestation of the north and east had caused them to increase largely in value. This increase was in no way due to the railroads, for,as shown, whenever they thought the traffic would bear it, they have increased the rate, and thereby appropriated, through their delegation of sovereignty, the property of others.

The burdens, really belonging to the carrier, which lumber is made to bear, increase greatly and directly the freight it pays. The carrier is bound by law to furnish a suitably equipped car to transport its freight. It cannot furnish a gondola or flat car and require that it be loaded with lumber higher than its sides, and then charge the shipper with the cost of putting the car in suitable condition to perform the carrier's duty to furnish a suitable and safe car for the transportation of its freight. Yet, this is done when the shipper is required to stake and strip the car in order that it may increase its load, and to make more profit for the carrier. In this unlawful transaction, the freight

on the stakes and strips is required to be paid by the shipper.

Thus, an additional expense of $5.94 per car, (Mr. Gardiner's Ev., R. V. II., 31), on every flat or gondola car is imposed upon the shipper by compelling him, by substitution, to discharge the carrier's duty to provide proper equipment. The Atchison & St. F. R. R. has recently issued a tariff giving credit for the freight on this equipment (Mr. Gardiner's Ev., R. V. II., 523, 4), and this recognizes the principle for which we contend.

The evidence of the mill men so clearly sets forth the burdens lumber is required to bear from this source that it would extend this discussion to too great length to further enlarge upon it.

Touching the prices for lumber, it is shown by Mr. L. Green's own exhibit, (R. V. II., 906), taken from the American Lumberman, quoting delivered prices in Chicago, that the prices of lumber had not materially changed in 1901, 1902, 1903. By the exhibit to Mr. Enoch's evidence, taken from said Lumberman, the delivered prices in Chicago from 1887 to 1897 are given, (R. V. II., 622 d), and they show that the price in 1889 was $24 to $25; in 1901, $24 to $25; in 1892, $21 to $22; and that then there was a gradual decline until 1898; and thus the present quotations of lumber are not as high as they were in 1889-1891, the period upon which the rates now in force are claimed to be predicated. Even under the carrier's claim it would be unjust to restore the 1889-1890 rate, to bring rates upon a parity, before lumber had reached the 1889-1890 price.

The evidence for the respective parties on the foregoing propositions was conflicting and the facts were controverted. It is impossible to go into all of this voluminous evidence. Mr. Geo. S. Gardiner (R. V. II., 35-7), and Mr. C. W. Robinson (Id. 56-9), and Mr. I. C. Enochs (Id. 185), and other witnesses for complainants, have testified that this advance was unreasonable, and have analyzed clearly and intelligently, the probative elements showing this fact; and have supported by exhaustive comparisons and statistical data evidenced, for illustration, by exhibits, these propositions. The exhibits and testimony of the railroad officers were in many material matters successfully controverted by complainants. As stated, the Commission, in an able and exhaustive opinion reviewing all phases of the propositions, has found the facts upon conflicting evidence, adversely to the appellants' contentions, and this finding, upon full review the Circuit Court, where appellants introduced new evidence to try, if practicable, to meet this finding, has concurred in the finding of the Commission.

FIFTH ASSIGNMENT

There is no merit in this assignment.

This objection was not raised in the proceedings before the Commission; nor by the pleadings, record or briefs in the Circuit Court, and is now made here for the first time.

The Commission had plenary power to make the order complained of, and the Circuit Court, upon the complaint of the Commission, had jurisdiction to enforce it. **Texas & Pac. Ry. Co. v. Abilene Cotton Oil Co.,** 204 U. S., 426, where it is said (p. 443):, "the reports of the decisions of the Interstate Commerce Commission show that many cases have been passed upon by that body concerning the unreasonableness of a rate fixed in an established schedule, which have resulted in according reparation to shippers and to making orders directing carriers to desist from future violation of the act; **that is to say, in necessary legal effect correcting established schedules**"; and (p. 448), "Concluding, as we do, that a shipper seeking reparation **predicated upon the unreasonableness of the established rate must,** under the act to regulate commerce, **primarily invoke redress through the Interstate Commerce Commission, which body alone is vested with power originally to entertain proceedings for the alteration of an established schedule, because the rates fixed therein are unreasonable,**" etc. (Italics are ours.)

There are many other phases of these matters we could discuss but this brief is already too extended. For these we must content ourselves with the oral arguments.

There is great injustice in both the essence and in the manner of this advance. That it is unlawful, as well as unreasonable and unjust, we respectfully submit, is shown by this record, and it has, as stated, been so adjudged, after exhaustive examinations by the Commission, and by the United States Circuit Courts of both Louisiana and of Georgia, and by the Circuit Court of Appeals, and these five concurrent findings of fact are right, and the decree should be affirmed.

Respectfully,

MARCELLUS GREEN,

GARNER WYNN GREEN,

Of Counsel for Appellee.

APPENDIX A.

Exhibit 20 to I. C. Enoch's Evidence.

Tabulation made at the request of Mr. Commissioner Prouty from tariffs in evidence 1889-93, showing advance between 1889-93 inclusive, and tariff I. C. R. R., B-8110, I. C. C. 1850, effective April 15, 1903.

Date.	Tariff.	No.	Railroad.	No. of Stations Taken.	Old Rate.	Present Rate.	Adv. Rate.
Oct. 4, 1892	M	54	I. C. R. R. with C. & N. W. R. R.	64	26c	26c to 29c	3c
Sept. 9, 1892	M	30	I. C. & St. L. T. H. R. R.	53	20c	20c to 23c	3c
March 3, 1892	M	100	I. C. & C. C. C. & St. L. R. R.	30	20c	20c to 22c	2c
Sept. 22, 1892	M	42	I. C. & O. & M. R. R.	42	22c and 23c	24c to 26c	3c
Aug. 19, 1889	L	955	I. C. and connections	50	26c	29c	3c
May 21, 1893	M	253	I. C. and C. C. & St. L. R. R.	27	23c	24c to 26c	3c
Jan. 29, 1893	Supt. 6 to M	9	I. C. and connections	30	30c	33c	3c
Oct. 11, 1893	M	81	I. C. & Wabash R. R. Bet. Toledo, O. & Woodburn, Ind.	14	26c	30c	4c
			Between New Haven, Ind., and Peru, Ind.	25	25c	27c, 29c, 31c	4c
			Logansport, Ind.		24c	27c	3c
			Detroit, Mich., and other stations	45	24c	30c	6c
Oct. 11, 1892	M	82	I. C. R. R. & Michigan Central and Wabash, Chester & Western R. R. between Willow Creek, Ind., and immediate stations to Detroit, Michigan	14	24c	28c to 30c	4c &6c
Aug. 24, 1892	L	3571	I. C. R. R. and Minneapolis and St. L. R. R.	14	29c	33c	4c
			C. M. & St. P. R. R.	37	29c	30.5c to 33c	2½ to 4
			C. G. W. R. R.	40	29c	30c to 33c	1 to 4
			C. B. & N. R. R.	37	29c	33c	1½ to 4
May 25, 1893	M	258	I. C. R. R. & C. B. & E. R. R.	10	24c	26c	2c
				533 Stations.			

APPENDIX B.

Tabulation showing advance to named stations under tariffs 1889-93 in evidence by I. C. R. R., B-8110, I. C. C. 1850, April 15, 1903. Sheet tariffs for individual stations.

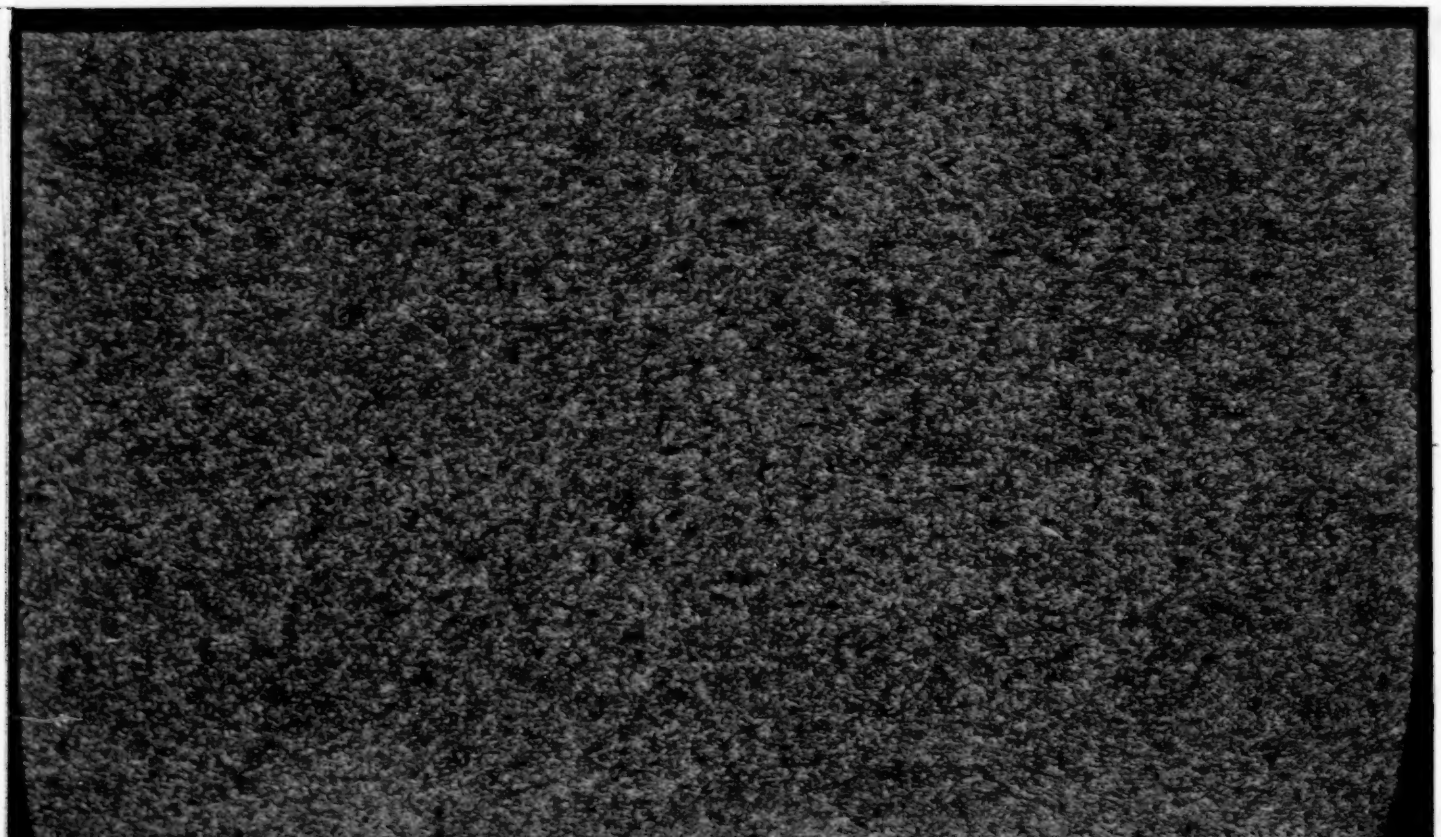
Date.	Tariff.	No.	Stations.	Old Rate.	Present Rate	Adv. Rate.
Feb. 20, 1893	M	189	Litchfield, Ill.	21c	23c	2c
Feb. 16, 1893	M	182	Terre Haute, Ind.	21c	24c	3c
Feb. 18, 1893	M	182	Indianapolis, Ind	21c	26c	5c
Jan. 29, 1893	Supt 5 to M	54	Stillwater, Minn.	29c	33c	4c
Feb. 4, 1893	Supt 11 to M	95	Rock Valley, Ill.	31.14c	36c	4.86c
Jan. 28, 1893	Supt. 9 to M	95	Sycamore, Ill.	24c	26c	2c
Jan. 28, 1893	Supt. 9 to M	95	DeKalb, Ill.	24c	26c	2c
Jan. 17, 1893	Supt. 6 to M	95	Spring Grove, Minn.	34.5c	36c	1.5c
Jan. 20, 1893	M	173	Dalton (Cook Co.) Ill.	24c	26c	2c
April 7, 1893	Supt. 2 to M	42	Lebanon, Ill.	22c	24c	2c
March 26, 1893	M	212	Germantown, Ill.	22c	24c	2c
May 15, 1893	M	254	Olney, Ill.	22c	24c	2c
March 30, 1893	Supt. 1 to M	100	Bell Centre, O.	27c	30c	3c
March 30, 1893	Supt. 1 to M	100	Gas City, Ind.	25c	27c	2c
March 30, 1893	M	214	Akron, Ohio	28c	31c	3c
March 19, 1893	M	203	Martinsville, Ind.	21c	23c	2c
April 12, 1893	M	222	Columbus, Ohio	25c	30c	5c
March 4, 1893	Supt. 13 to M	95	Elizabeth, Ill.	26c	29c	3c
Oct. 17, 1893	M	87	Cleveland, Ohio	28c	31c	3c
May 25, 1893	Supt. 1 to M	223	McLeansboro, Ill.	22c	24c	2c
Dec. 6, 1892	Supt. 1 to M	54	Kingsley, Ia.	31c	33c	2c
Aug. 24, 1892	L	3550	Streator, Ill.	24c	26c	2c
March 2, 1892	L	3167	Leslie, Mich.	28c	30c	2c
March 2, 1892	L	3167	Warsaw, Ohio	28c	31c	3c
Feb. 20, 1892	L	3158	Winona, Minn.	29c	30.5c	1.5c
Oct. 6, 1892	Supt. 1 to M	42	Breese, Ill.	22c	24c	2c
Dec. 28, 1892	Supt. 3 to M	9	Manor, Pa.	30c	33c	3c
Nov. 24, 1892	M	126	Mt. Clemens, Mich.	27c	32c	5c
Oct. 7, 1892	M	87	Cleveland, Ohio	28c	31c	3c
Sept. 21, 1892	M	40	Forest City, Ia.	32c	35c	3c
March 16, 1893	M	200	Bloomington, Ind.	24c	26c	2c
March 16, 1893	M	201	Albion, Mich.	27c	30c	3c
March 14, 1893	Supt. 13 to M	93	Elizabeth, Ill.	26c	29c	3c
Nov. 13, 1892	M	128	Clarian, Ia.	31c	33c	2c
Aug. 11, 1892	L	3551	Eauclaire, Wis.	29c	33c	4c
Dec. 7, 1892	Supt. 2 to M	54	Bancroft, Ia.	32.32c	36c	3.68c
Nov. 2, 1892	Supt. 1 to M	95	Fayette, Ia.	29c	31.5c	2.5c
Nov. 27, 1892	Supt. 2 to M	95	Greely, Ia.	29c	31.5c	2.5c

APPENDIX C.

Table showing advance by I. C. R. R., B-8110, I. C. C. 1850, over rate by I. C. R. R., No. M 24, effective September 29, 1892.

	Present Rate.	Old Rate.	Advance
Duquoin, Illinois	21c	18½c	2.5c
Odin, Illinois	23.6c	20c	3.6
Clinton, Illinois	26c	23c	3c
Sanderall, Illinois	23.7c	20c	3.7c
Centralia, Illinois	23c	20c	2c
Springfield, Illinois	23c	2c	2c
Rockford, Illinois	26c	24c	2c
Dubuque, Iowa	29c	26c	3c
Madison, Wisconsin	29c	26c	3c
Blanchardville, Wisconsin	29c	26c	3c
Sioux City, Iowa	32.5c	27c	5.5c
Webster City, Iowa	33c	27c	6c
Charles City, Iowa	33c	27c	6c
Le Mars, Iowa	35c	27c	8c
Cherokee, Iowa	35c	27c	8c
Sleeden, Iowa	35c	27c	8c
Rock Rapids, Iowa	35c	27c	8c

The above seventeen stations are fairly distributed throughout the territory covered by Tariff, M. 24



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United States Supreme Court.

OCTOBER TERM, 1906.

No. 588.

ILLINOIS CENTRAL RAILROAD COMPANY, GULF & SHIP ISLAND RAILROAD COMPANY, SOUTHERN RAILWAY COMPANY *ET ALS.*,

APPELLANTS,

VERSUS

THE INTERSTATE COMMERCE COMMISSION.

BRIEF FOR APPELLEE.

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STATEMENT OF CASE.

The nine railroad companies, defendants below, were, with the exception of the Gulf & Ship Island, on and prior to January 30, 1903, and all are now members of an association of railways known as the "Southeastern

Mississippi Valley Association," of which a Mr. M. B. Washburn was, at the date named, chairman.

It is asserted that the defendants' association differs from the Trans-Mississippi Traffic Association in that its members, while assembling, from time to time, for the purpose of discussing their common interests and interchanging views, are subject to no control, and always act independently, being under no obligation to observe or to adhere to any matter which may be favored by all.

For instance, it is said that when any member wishes to change a rate, on any commodity handled by all, such member, through its traffic manager, takes up the subject with the others, through the chairman or with other members direct, and invites, not an agreement, but an "expression of views" of the other members. Then, if the *views* of all are found to be in harmony, each being of the opinion that the proposed change is desirable and beneficial and should be made, each member, acting entirely upon its own judgment and responsibility, and in its own interest, puts the proposed change into effect—generally by means of tariffs forwarded to the Interstate Commerce Commission, through its chairman.

Thus, on January 2, 1903, the freight traffic manager of the Southern Railway, writing, from Washington, D. C., to Mr. T. J. Hudson, traffic manager of the Illinois Central, at Chicago, brought up the subject of rates on lumber from Southern points to Ohio and Mississippi crossings, observing that "the rates on lumber and pig

iron have generally been adjusted with relation to the price of the commodity," and that "the rates on lumber are still much lower than they were about twelve years ago, while we are told that the profits are quite liberal." Also, that shippers had expressed a willingness to pay higher rates if an ample supply of cars and quicker service could be maintained. He also expressed the belief that all lines east of the Mississippi River could *afford* to advance the basing rate to Cairo 2 cents per 100 pounds. This, he added, would make Cairo 16 cents and Cincinnati 22 cents, from points on and south of a line drawn from Vicksburg, Miss., through Jackson and Meridian, Miss., Selma and Montgomery, Ala., to Savannah, Ga., taking in the entire yellow pine belt tributary to "Central Freight Association" territory.

Powell letter, Vol. II, pp. 688, 689.

The subject being brought up, after several conferences, terminating at St. Louis, on January 30, 1903, all members at length expressed their views in favor of the advance, and, accordingly, their several tariffs were sent in to the Interstate Commerce Commission (the Gulf & Ship Island and the Northeastern joining, although not beneficiaries), establishing an advance of 2 cents per 100 pounds, effective March 1, 1903, on yellow pine lumber, carload lots, from all producing points to Ohio and Mississippi River crossings and beyond into "Central Freight Association Territory"—being that portion of the United States on and north of the Ohio River and

on and east of the Mississippi River, above Cairo, to a line drawn from Buffalo to Pittsburg.

This was not done, however, until an understanding was reached that the members of the Georgia and Arkansas Associations would make a simultaneous advance, and it was conceded that the advance by one set would not be practicable unless the others took similar action.

This appears from the minutes and correspondence produced by M. P. Washburn, chairman, Vol. II, pp. 688 to 810.

A storm of protests was raised against the advance, largely on account of its suddenness, and the circumstance that the producers had numerous outstanding contracts based on the existing freight rates. These protests produced a postponement of the advance until April 15, 1903, since which time it has been effective on the part of all, except that the Louisville & Nashville, on account of a temporary injunction or restraining order in another territory, postponed its operation on its lines until June 22 of that year.

When the shippers of yellow pine lumber, in the central region, taking in Louisiana east of the Mississippi River, Mississippi and Alabama, found that this advance would be insisted on, a considerable number of them formed, what they styled, the "Central Yellow Pine Association," for the purpose of resisting it.

And, after an ineffectual attempt to secure an injunction in the United States Circuit Court, in Mississippi, on July 24, 1903, filed their complaint, under Section 13 of the Act to Regulate Commerce, before the Interstate Commerce Commission, alleging *inter alia* that the advance complained of was arbitrary, unfair, unjust, unreasonable, and was the direct result of a conspiracy among the defendants and all other carriers of yellow pine lumber, and that the rates in effect prior to April 15, 1903, afforded ample compensation for the service. (See complaint before Commission, Vol. 1, pp. 5-11.) Numerous other averments were made by the complainants as tending to show why the advance complained of was unreasonable and unjust. The same are noted in the findings and report of the Interstate Commerce Commission, which, for convenience, will be elaborately abstracted in this brief.

The defendants all made answer before the Commission, and, while admitting that they derived a profit from the previous rate, denied that the rate, as advanced, was either unjust, unreasonable and excessive, or resulted otherwise than as the separate and independent action of each defendant; averred that the yellow pine industry was enjoying a high degree of prosperity and insisted upon their right to share in it.

Answers of defendants before Interstate Commerce Commission, Vol. I, pp. 13-58.

The rate in effect prior to April 15, 1903, from producing points in the territory in question to Cairo, for example, was 14 cents per 100 pounds. The balance of the through rate to points of destination, in Central Freight Association territory, was made up by adding the local tariff of the carriers beyond these river crossings.

That produced a rate to Chicago, for illustration, of 26 cents per 100 pounds, as against a previous rate of 24 cents. The freight on a 60,000-pound car, loaded to capacity, being $156, although, as a matter of fact, many carloads ran to 80,000 pounds and above, making a rate, on the 26 cents basis, of $208, or more, per car.

As a result of numerous adjustments between the lines west and east of the river, a 13-cent rate had been put into and remained in effect from April 1, 1894, until September 9, 1899, when there was a uniform advance to 14 cents, and this latter rate remained undisturbed until the Southern Railway, which, in the meantime, had acquired the Mobile & Ohio, through its traffic manager, Mr. Powell, instigated the movement resulting in the "*understanding*" reached at St. Louis on January 30, 1903.

During the entire period, and now, allowances, ranging from 2 cents to 4 cents per 100 pounds, were and are made by the trunk lines west of the Mississippi River to

all their patrons who own logging roads ten miles in length, or above, and used to bring logs from the forest to their mills at all junction points. These concessions are styled "Tap Line Allowances," and are made in form to the logging roads, owned by the mill men, as part of the through freight. They are denied by the defendant lines to their patrons in precisely similar circumstances, except that the Mobile & Ohio Railroad Company appears to have made allowances to its shippers, owning logging roads, running as high as 3½ cents per 100 pounds. And, in the year 1906, the Illinois Central has conceded 2 cents per 100 pounds to logging roads on its line.

It is also true that the New Orleans & Northeastern, and the Gulf & Ship Island, for a short time, both while the 13 and 14 cents rates were in effect, made similar concessions, but, on objection of the Illinois Central mainly, the same were discontinued. There is no dispute regarding these statements.

The complaint of the Central Yellow Pine Association was fully heard before the Interstate Commerce Commission—a great mass of testimony being introduced on both sides—and the Commission made an elaborate finding and report, holding, for the reasons set out therein, that the advance on April 15, 1903, from the shipping points in question to the Ohio River, was not warranted, and that the resultant increased rates were unreasonable

and unjust; that the rates in effect prior to April 15, 1903, were remunerative to the carriers and were reasonably high.

The syllabus of the decision will be found on pages 957-959, Vol. II of the Transcript.

The following order was thereupon, on February 7, 1905, made by the Commission and duly served upon the defendants:

"It is ordered, that the advance of 2 cents per 100 pounds, established by the defendant, the Louisville & Nashville Railroad Company, on June 22, 1903, and by the other defendants herein, on April 15, 1903, over rates previously in effect, for the transportation of lumber in carloads from shipping points on defendants' respective lines in the State of Louisiana east of the Mississippi River, and in the States of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo, and other points on the Ohio River, commonly called and known as Ohio River points, which said advance has since been maintained and enforced by the defendants, was, and is, excessive, unreasonable and unjust, and in violation of the provisions of the Act to Regulate Commerce; and that the rates and charges resulting from the said advance (which said rates are more specifically referred to in said report and opinion), are also excessive, unreasonable and unjust, and in violation of the provisions of the Act to Regulate Commerce; and that the defendants, the Illinois Central Railroad Company, the Gulf & Ship Island Railroad Company, the Southern Railway Company, the Mobile & Ohio Railroad Company, the New Or-

B

leans & Northeastern Railroad Company, the Alabama Great Southern Railroad Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, the Alabama & Vicksburg Railway Company, the Louisville & Nashville Railroad Company, and the Mobile, Jackson & Kansas City Railroad Company, be, and each of them is hereby, notified and required to cease and desist, on or before the 1st day of April, 1905, from further maintaining or enforcing the said unlawful advance of 2 cents per 100 pounds, or the said unlawful rates resulting therefrom, for the transportation of lumber aforesaid.

"And it is further ordered, that a notice embodying this order be forthwith sent to each of the defendant corporations, together with a copy of the report of the Commission herein, in conformity with the provisions of Section 15 of the Act to Regulate Commerce."

The defendants refusing to obey this order, the present suit was instituted June 17, 1905, in the United States Circuit Court for the Eastern District of Louisiana, the petition or bill reciting the complaint of the Central Yellow Pine Association; the answers of the defendant thereto; the hearing, the findings, conclusions and order of the Commission (all of which were made exhibits) and averring the continued refusal of the defendants to obey.

Vol. I, pp. 1-92.

The defendants answered, denying that the said advance was unwarranted; denied that it resulted in rates excessive, unreasonable or unjust; or, that said advance

or rates was or were in violation of the Act to Regulate Commerce. And averred that said advance of 2 cents on said lumber rates, and the lumber rates resulting were just and reasonably low, and fully warranted by the provisions of said act.

Answer of defendants, Vol. 1, pp. 103-106.

Additional testimony was taken on both sides, and, the case being submitted May 1, 1906, on November 26, 1906, a final decree was rendered, affirming, in all things, the order made by the Interstate Commerce Commission, and enjoining the defendants from further maintaining or enforcing said advance of 2 cents per 100 pounds, established by the Louisville & Nashville Railroad Company, June 22, 1903, and by the other defendants, April 15, 1903, over rates previously in effect, on their respective lines, in the State of Louisiana east of the Mississippi River, and in the States of Mississippi and Alabama, to Cincinnati, Louisville, Evansville, Cairo and other points on the Ohio River, commonly known as "Ohio River Crossings," and from further charging for the transportation of lumber as aforesaid the rates resulting from said advance.

Vol. I, pp. 5-13.

The appeal is prosecuted from this decree by all the defendants.

In the assignment of errors it is asserted that the decree was wrong because the advance condemned was not unjust, unreasonable or excessive; that it was error to grant the injunction because no ground was shown in the pleadings or in the proof to justify it; that it was error to tax the costs against defendants; that the Court erred in decreeing, in effect, that said advance was made under circumstances and conditions which eliminated all competition between the defendants, whereas the exact reverse was the case; that it was error not to dismiss the bill because the Court exercised the legislative function of making a rate; that the Court erred in decreeing, in effect, that the advance was excessive, unreasonable and unjust, because the charges made on shipments to the points named, when destined to points north of the Ohio River, are mere divisions of through rates, the justness of which neither the Interstate Commerce Commission nor the Circuit Court had jurisdiction to determine. And, *lastly*, that it was error to decree the injunction because the Interstate Commerce Commission only found that said advance in rates *to* Ohio River Crossings was unreasonable and unjust, and did not find that the rates to points (beyond) basing on Ohio River Crossings were unreasonable and unjust.

FINDINGS OF THE COMMISSION AND NOTES.

After a very thorough investigation and the fullest consideration of the complaint of The Central Yellow Pine Association and of the defenses set up by the roads, the Interstate Commerce Commission found and reported the facts which follow:

(*a*) The producing districts concerned may be divided into, first, territory west of the Mississippi River, composed of Louisiana west of that river, and Arkansas and Texas; second, Louisiana east of the river, Mississippi and part of Alabama, and third, Georgia, Florida and part of Alabama called Southeastern Territory. The lumbermen in each of the districts compete in the sale of their products in the same markets, which are principally in the territory on and north of the Ohio River, and on and between the Mississippi River, on the west, and a line running through Buffalo and Pittsburg on the east, known as "Central Freight Association Territory." The defendant roads are located in the second of these districts, viz.: that east of the Mississippi in Louisiana, Mississippi and part of Alabama, and run through and across the lumber-producing sections of that territory.

(Vol. II., p. 962.)

(*b*) The advance in the rates complained of was from the lumber-producting territories west as well as east of the Mississippi River, and was made, in fact, though not expressly, by agreement between the defendants and the

roads west of the Mississippi. Several meetings were held and consultations had between the representatives of the lines serving both territories, which finally resulted in the advances made. It was understood to be impracticable for the lines east of the Mississippi to advance their rates without a corresponding advance by the lines west, and consequently there was a concurrence or agreement between them before the advance was made The roads east of the Mississippi, the defendants, appear to have taken the initiative in this matter.

The advance was effective April 15, 1903, except as to the Louisville and Nashville, as to which it became effective June 22, 1903, and was made applicable to St. Louis, East St. Louis and all Mississippi River crossings from St. Louis to and including Memphis, and to all Ohio River crossings from Cairo to Cincinnati, both inclusive.

At Cairo traffic from the mills in a large portion of the lumber-producing districts west as well as east of the Mississippi River, meets or converges *en route* to destinations; the line to Cairo being the short line from the greater part of those districts. The rates to the Ohio River crossings, Evansville, Louisville and Cincinnati, are said to be based on Cairo; that is, they bear a fixed relation to the Cairo rate, being higher by certain amounts and being correspondingly advanced or reduced as the Cairo rate is advanced or reduced.

The through rate to interior points beyond the Ohio River in Central Freight Association Territory are made

up of the full local rates of the roads north of the Ohio River, as the proportion of those roads, and whatever is left of the through rates as the proportion of the roads south of the Ohio. The rates to interior points north of the Ohio are made on the lowest combinations of rates to the Ohio, plus the rates beyond, and are blanket rates, being the same from all shipping points or points of production to the same destination.

The Ohio River point rates are to the north bank of the Ohio River, and include or absorb the bridge tolls. The bridge tolls, or transfer charges, are 2 cents per 100 pounds at Cairo, 1 1-2 cents at Evansville, 1 cent at Louisville and 2 cents at Cincinnati.

(*c*) The rates from this district and from Louisiana west of the Mississippi and Arkansas at the date of the advance of 2 cents, April 15, 1903, and as increased by the advance, were as follows:

	To			
From	Cairo	Evansville	Louisville	Cincinnati
Arkansas	16cts.	23cts.	27cts.	27cts.
Louisiana, Mississippi and Alabama	16cts.	22cts.	21cts.	23cts.

(Note.—The rate, 16 cents, from Texas points to Cairo at date of advance has been restored.)

Peoria, Indianapolis and Columbus are fairly representative points or markets for lumber in Ohio, Indiana and Illinois. The total through rates via Ohio River crossings to those points and to Chicago at the date of

the advance and as increased by the advance, were as follows:

Peoria	23 cents	25 cents
Indianapolis	24 cents	26 cents
Columbus	27 cents	29 cents
Chicago	24 cents	26 cents

Ibid., 963-964.

The roads north of the Ohio charge their full local rates from the Ohio River.

There are divisions south of the Ohio between the "originating roads," on which the lumber is chiefly manufactured and the roads intermediate between them and the Ohio River. The principal originating roads are the Gulf and Ship Island, extending from Gulfport to Jackson, Miss., and the New Orleans and Northeastern, extending from New Orleans to Meridian, Miss.

The Illinois Central connects at Jackson with the Gulf and Ship Island, and allows the latter on lumber received from it 7 cents out of the rate to the Ohio River. This under a ten-year contract beginning in 1899.

At Meridian the Mobile and Ohio connects with the N. O. & N. E., and allows the latter 6 cents out of the rate to the Ohio.

The Alabama and Great Southern and its connections also pay at Meridian to the originating road a division of 6 cents.

(Same, p. 965.)

(*d*) The divisions allowed the originating roads are large in proportion to the length of their hauls and to

the balances left to the intermediate roads—*e. g.*, the average distance from shipping points on the G. & S. I. to Jackson is eighty miles. At 7 cents per 100 pounds for a haul of this distance the rate per ton per mile is 1.75 cents, or 17 1-2 mills.

Out of the balance of the 16-cent rate to Cairo, to wit: 9 cents, left to the Illinois Central for the haul from Jackson to Cairo, a distance of 366 miles, comes the bridge toll of 2 cents, leaving a net rate of 7 cents, which amounts to 3.8 mills per ton per mile.

While the rate per ton per mile yielded to the intermediate roads is small, the rate per ton per mile under the total rate to the Ohio, *which the shipper has to pay,* is materially larger—*e. g.*, taking eighty miles as the average distance on the G. & S. I. to Jackson, and the distance from Jackson to Cairo as 366 miles, there is a total of 446 miles, and for this distance the total rate of 16 cents yields a rate per ton per mile of 7.17 mills.

The short line distances from the two representative shipping points—Hattiesburg, Miss., on the N. O. & N. E., and McComb City, Miss., on the I. C.—to Ohio River points, the total rates to those points as advanced and the rate per ton per mile are as follows:

	From Hattiesburg			From McComb City		
To	Miles.	Rates.	Rates Per Ton Per Mile.	Miles.	Rates.	Rates Per Ton Per Mile.
Cairo	432	16 cts.	7.4 mills	444	16 cts.	7.2 mills
Evansville	578	22 cts.	7.6 mills	584	22 cts.	7.5 mills
Louisville	622	21 cts.	6.7 mills	643	21 cts.	6.5 mills
Cincinnati	709	23 cts.	6.4 mills	757	23 cts.	6.0 mills

Under the rates in force at the time of the advance, April 15, 1903, to wit: 14 cents to Cairo, 20 cents to Evansville, 19 cents to Louisville and 21 cents to Cincinnati, the rates per ton per mile were as follows:

To	From Hattiesburg Rates Per Ton Per Mile.	From McComb City Rates Per Ton Per Mile.
Cairo	6.04 mills	6.3 mills
Evansville	6.09 mills	6.8 mills
Louisville	6.1 mills	5.9 mills
Cincinnati	5.9 mills	5.5 mills

The average from Hattiesburg is 6.3 mills per ton per mile, and from McComb City 6.1 mills. Pine lumber via Ohio River crossings to points north is not always shipped by the short lines, but the rates are the lowest combination of the rates to the Ohio, plus the rates beyond. The advanced rates per ton per mile by the shortest available lines from representative shipping points in Alabama, Mississippi, and that part of Louisiana east of the Mississippi River to Peoria, Indianapolis, Columbus and Chicago are as follows:

Peoria	6.45 mills	
Indianapolis	6.77 mills	
Columbus	6.25 mills	
Chicago	6.07 mills	Avge. 6.38

Same, p. 966.

Pine lumber is a low class traffic (Class 6 under both the Southern and Official Classification), much below the average classification, but the average rate per ton per mile on lumber originating on the Illinois Central road

in 1903 was greater than the average on all traffic, 5.91 mills. The lumber rates per ton per mile, involved in this case, are higher than those between numerous other points.

(*e*) Prior to 1894 the roads west of the Mississippi claimed and were allowed a differential of 2 cents, which resulted to the disadvantage of shippers east of the river. A readjustment was made by the roads east of the river on May 1, 1894, and the rate to Cairo reduced to 13 cents per 100 pounds, that being the rate west of the river. The shippers from the two territories were thus placed on an equality so far as the *published* rates were concerned. The 13-cent remained in effect until September 9, 1899, a period of about five years, when it was advanced to 14 cents. It remained 14 cents from September 9, 1899, to April 15, 1903, when the advance complained of was made. The rates to the other crossings, based on Cairo, and corresponding changes were made in them.

Ibid., 966-67.

(*f*) Mills are located generally on railway lines where they traverse the lumber-producing districts. Until cut away near the mills the logs are hauled by teams; then railways, called logging roads, are built into the timber.

The lines west of the river make certain allowances to the mill owners for the transportation of the logs over these logging roads to their mills. This is called a "tap line allowance or division" and ranges from 1 and 2 cents per 100 pounds up to 6 cents, and varies to some extent according to the destination of the traffic.

The mills east of the river have logging roads of same kind, but the defendant roads, as a rule, make no tap line allowance to them. The only exception is the Mobile and Ohio, which does grant such allowances to about four mills on its line.

The N. O. & N. E. has from time to time put in a tap line allowance of 2 cents per 100 pounds, but the other roads east of the Mississippi objected and they were withdrawn.

There does not appear to be any reason for the allowance of tap line divisions west of the Mississippi which does not apply east of the river.

The tap line allowance west of the river amounts to a rebate or reduction from the regularly published rate, and gives an advantage to the mills in that territory over those east of the Mississippi, although the published rates from both are the same.

Ibid., pp. 967, 968.

(*g*) The first lumber business east of the Mississippi after the Civil War was local. Little was shipped north of the Ohio River. In 1875 lumber began to move north of the Ohio, and the tonnage has greatly and almost continually increased from that time. In 1877 and 1878 the demand north of the Ohio River was greater than the mills could supply and the price was advanced. Shipments from points on the L. & N. in Florida and Alabama increased from 2,540 cars in 1888 to 7011 cars in 1902 and 6,502 for the nine months in 1903 ended September 30th.

The shipments in 1903, on April 15th, of which year the advance of 2 cents was made, were largely greater than those of the preceding year, 1902.

Eastman, Gardiner & Co.'s shipments from Laurel, the terminus of the Laurel branch of the G. & S. I. increased from 2,712 carloads in 1890 to 3,530 in 1903, a gain of 818 cars.

The movement via the Southern Railway from points in Florida, Georgia, Alabama, Mississippi and East Louisiana for the ten months ending October 31, 1902, was 8,027 cars, and for the corresponding period of 1903, 9,743 cars, an increase of 1,716 cars, or 21.3 per cent. The increase for the first quarter of 1903 preceding the advance was 29.5 per cent., and for the remainder of the year following 18.2 per cent.

For the first ten months of 1902 the movement by the N. O. & N. E. was 5,067 cars, and for the corresponding period of 1903 was 6039 cars.

The movement of lumber from Alabama, Florida, Georgia, Louisiana and Mississippi, through Cairo and Mounds, Illinois, was, in 1902, 18,269 cars, and, during 1903, 20,540 cars, an increase of 2,271 cars.

Ibid., pp. 968-969.

(*h*) The total lumber shipped from Mississippi and that part of Louisiana east of the Mississippi River is approximately 12,300 cars per month, or 147,600 cars per annum. Of this, 180,000 cars go to interior points and the balance to the sea-coast for export.

The estimate of shipments to the interior expressed in feet is 1,500,000,000 feet. The capital invested in the lumber business, exclusive of the lumber, in Mississippi, East Louisiana and Alabama, is estimated at $5,000,000, and the total annual value of the lumber produced at $16,000,000.

Ibid., p. 969. Printed volume, pp. 969-70.

(*i*) The advance of 2 cents per 100 pounds amounts in the aggregate to a materially large sum. The average loading per car of 404 cars, shipped from the mills of Eastman, Gardiner & Co. during June, 1903, was 43,538 pounds. On this carload the advance is something over $8.70, and on the 404 cars over $3,514.80. The aggregate of the increase at this average on the 118,000 cars would be $1,026,600.

The average weight per 1,000 feet of lumber is approximately 3,300 pounds. The advance on this average would be 66 cents per 1,000 feet, and on 1,500,000,000 feet would be $990,000 from Mississippi and East Louisiana.

Ibid., pp. 969-970.

(*j*) Tables are set out showing the prices of various grades of lumber in the Chicago market, January 1, 1892, and September 30, 1903.

There was a decline in two classes and an increase in one.

During the period, January, 1892, to September, 1903, there were many variations, being lowest from 1895 to 1899.

For the years 1895, 1896, 1897, 1898 and 1899, third quarter fluctuations are shown, the highest prices being in 1896 and 1899, and the lowest in 1897 and 1898.

A decline is shown in all grades in 1901 over 1902, first quarter, the advance running from $2.00 to $2.50 in 1902, and a stationary figure in the last quarter of 1903, except in grade "A" where there was a decline of $1.00 per thousand feet.

Ibid., p. 970.

The St. Louis market showed variations in prices between January 15, 1900, and April, 1903, some instances lower and some higher.

See Tables, Printed Volume, page 971.

The average prices of the lumber sold at the mills of the Gary-Fatheree Lumber Company, of Perry, Miss., the J. J. Newman Lumber Company, of Hattiesburg, Miss., and the J. E. North Lumber Company, of Bond, Miss., were for the periods named, as follows:

GARY-FATHEREE LUMBER COMPANY.

From April to December 31, 1900	$12.24
For the year 1901	10.45
For the year 1902	10.97
From January 1 to October 31, 1903	12.54

J. J. NEWMAN LUMBER COMPANY.

For the year 1900	$10.89
For the year 1901	10.36
For the year 1902	11.20
For the ten months ending October 31, 1903	10.54

J. E. North Lumber Company.

From January 31 to December 31, 1901.....$11.52
For the year 1902.....12.01
For the ten months ending October 31, 1903.....10.24

It appeared that the mill men had not been able to add the 2 cent advance to their prices. And after April 15th, to the date of the opinion, profits had been decreased by the amount of the advance.

Ibid., p. 971.

(*k*) In estimating the cost incident to manufacture, the mill men examined added stumpage. It varies in price according to its location and quality from $1 to $3.50 per thousand feet. The further items of cost are labor, management of the business, supplies of all kinds, taxes, insurance and depreciation of the property.

Following are statements for the years ending April 30, 1902 and 1903, respectively, of the average sale price at the mills of The Fernwood Lumber Company of Fernwood, Miss., the cost of manufacture, including stumpage, and the profit or difference.

May 1, 1901, to April 30, 1902.

Manufactured feet	Mill Cost in delivering 1.00 stumpage.	Average sale Price		Differerence for year
21,758,871	$9.39	$11.43	$2.04	$44,381.09

May 1, 1902, to April 30, 1903.

Manufactured feet	Mill cost per M. including stumpage at $2.25	Average sale price	Different cost and sale price	Different cost and sale price for year
23,296,773	$10.93	$12.35	$1.42	$33,081.41

(the stumpage in second statement is given at $2.25, because the market price had advanced to that figure. In

the above estimates of cost of manufacture, interest is excluded.)

Ibid., p. 972.

The capital invested in the Fernwood plant is over $598,690. The difference between sales price and cost for the year ending June 30, 1902, $44,388.09, is over 7 per cent. on that capital, and the difference the next year is about 6 per cent.

The capacity of Eastman, Gardiner & Company mills is 60,000,000 feet per annum, and its average profit $1.27 per thousand, or $76,200—the capital invested, excluding the land, is $600,000 to $700,000. Above represents a profit of 10.88 per cent. on a $700,000 investment.

Ibid., pp. 972-93.

The lumber business has constantly grown since it started. Eastman, Gardiner & Co.'s capacity increased from 25,000,000 feet to 60,000,000 feet, and their sales were 5,000,000 feet greater up to December, 1903, than for the preceding year, but the average price per 1000 was 48 cents less.

Ibid., p. 973.

(*l*) It is estimated that the annual depreciation of mill property is 10 per cent. After the timber is exhausted, the mills have comparatively little value.

Lands denuded of the timber are valuable for farming purposes. As the timber has been cut and the country cleared up near the railroad the development in agriculture and enterprises of all sorts has been material.

A number of flourishing towns have grown up between New Orleans and Jackson and elsewhere in the lumber districts. There are mentioned McComb City with a population of 6000, Brookhaven, Crystal Springs, Summit and Hazlehurst.

There are cotton plantations, cotton factories and oil mills. The value of the ordinary farming lands in the section along the railroads where there had been pine forests has grown and varies from $5 to $10 per acre.

Ibid., p. 974.

There has been no falling off in values of pine lands since the advance, nor any diminution in the output of lumber by reason of the advance. The value of the property and the output has not diminshed. The effect has been simply to diminish the net earnings of the mills.

(*m*) Statements of defendant railroads show increase in wages paid, and in the price of material and equipment required, such as steel rails, coal, lumber, locomotives, box, coal and flat cars. The statements relate principally to the period of five years from June 30, 1898, to June 30, 1903.

While there has been a material increase in the cost of steel rails during those five years, the price in 1899 being $20.75 per ton, and, in 1903, $31.82 per ton, there does not appear to have been any material advance for the last three of those years. The prices for 1901 being $31.12, for 1902, $29.97, and for 1903, $31.82.

The cost of coal in 1901 was $1.78, in 1902, $1.76, and in 1903, $1.96.

From July, 1897, to June, 1900, the average cost of coal at the mines (coal used by the Illinois Central) was 25.36 cents, and from the latter date up to June, 1903, there has been an increase of a little over 10 cents a ton.

The average price paid for lumber, 1900 to 1903, did not materially change.

The mill prices paid for stringers and bridge ties by the N. O. & N. E. were the same for both years, 1902 and 1903, being $15 for stringers and $11.50 for ties, and for guide rails the price in 1902 was $11, and in 1903, $12. that being the only increase.

Ibid., p. 974.

The aggregate amounts paid annually for locomotives, box, flat and coal cars, have increased and also their prices. The aggregate increase is due largely, if not mainly, to the increase in the number bought, and the advance in price is due principally to the fine quality and greater capacity of the equipment used.

Ibid., pp. 974-975.

There has been a material increase in the total amount of wages paid employees, including engineers, firemen, brakemen, switchmen, trackmen, etc., from 1898 to 1903, which is also attributable to the increase in the number of such employees as well as to an advance in their wages.

The wages of the employees of the mill companies have also grown higher, and the prices of the supplies required in the manufacture of lumber have increased. The supplies are to a large extent the same as those used by

the railroads, such, for example, as rails, ties, etc., for the logging roads. Increase in cost of manufacture in the five years is estimated at 10 per cent.

Ibid., p. 975.

(*n*) The operating expenses of the carriers have constantly grown larger, but due mainly to the constant growth or enlargement of their business. This growth has resulted from the large mileage, the development and increased prosperity of the country, and from advancement in methods of operation and additions to and improvements in equipment of all kinds.

The business of the roads, or the tonnage of traffic transported by them, not only of lumber, but in traffic generally, has grown to a most material extent.

While operating expenses have increased, for the reasons named, there has also been a constant increase in gross earnings to such an extent that there has been a constant increase in net earnings.

Ibid., p. 975.

Then follows a table (pages 976-977) taken from the reports of the defendants to the Commission, showing for the years named, 1890-1903: (1) Gross earnings from operation, (2) total operating expenses, (3) percentage of operating expenses to earnings, (4) net earnings, (5) net earnings per mile of road, (6) total mileage operated.

In 1890 the gross earnings of the Illinois Central (lines south of Cairo) were $5,644,115, and in 1903, $16,193,850,

an increase of $10,549,735. The percentage of operating expenses was increased 2.69 per cent., net earnings were increased $3,476,804. The mileage operated in 1890 was 894.41 miles, and in 1903, 1374.71 miles. Net earnings per mile in 1890 were $2,340, and in 1903, $4,051, an increase of $1,711 per mile. (Note: $4,051 per mile is equal to 5 per cent. on over $80,000 a mile.)

The net earnings of the L. & N. south of the Ohio River increased from $4,949,720 in 1890 to $10,872,126 in 1903. Its mileage being increased to 1930.78 miles.

The net earnings of the Southern Railway in Virginia and Carolinas increased from $3,230,752 in 1890 to $6,970,628 in 1903.

While its lines west of Virginia and the Carolinas increased their net earnings from $2,357,254 in 1890 to $5,088,860 in 1903.

The Cincinnati, N. O. & T. P. R. R. increased its net earnings from $1,670,439 in 1890 to $1,722,009 in 1903. Its net earnings being, in 1903, $5,099 per mile or over 6 1-2 per cent. on $75,000 a mile.

The N. O. & N. E. increased its net earnings from $367,279 in 1890 to $1,314,333 in 1903, net per mile $3479.

The Mobile & Ohio's net earnings were increased from $921,202 in 1890 to $1,759,318 in 1903. From $1,340 to $2,013 per mile.

The Alabama & Vicksburg increased its net earnings from $200,115 in 1890 to $330,073 in 1903. From $1396 to $2312 per mile.

The Gulf & Ship Island's increase in mileage between

those years was 176.25. Its net earnings were increased from $22,198 to $653,360. From $317 a mile to $2286.

In the "total operating expenses" of these roads are included expenditures which result in permanent improvements or betterment of the property of the roads, such as expenditures for right of way and station grounds, real estate, grading, tunnels, bridges, culverts, trestles, rails, ties, crossings and cattle guards, telegraph lines, station buildings and fixtures, shops, roundhouses, turn-tables, water sections, fuel stations, grain elevators, storage warehouses, docks and wharves, electric light plants, electric motive power plants, gas-making plants and miscellaneous structures.

Also expenditures for locomotives and cars of all kinds.

Then follows a table showing the expenditures of these roads for the years ended June 30, 1901, 1902 and 1903, for permanent improvements or betterments and also for locomotive and car equipment, and included under the head of "total operating expenses." The first under the heading "on account of construction," and the latter "on account of equipment."

The Southern's outlay in 1903, on account of construction was $493,358, and on account of equipment, $1,350,328.

The L. & N., in 1900-1901, paid out $1,218,273, account of construction, and $313,525 for equipment. In 1901-1902, account of construction, $1,060,887, and on account of equipment, $428,220. In 1902-1903, $1,482,550 for construction and $518,820 for equipment.

The C., N. O. & T. P., in 1900-1901, paid out for construction $355,356. In 1901-1902, for construction $202,674, and in 1902-1903, same account, $401,959.

The Alabama Great Southern expended $18,130 in 1901-1902, and in 1902-1903, $113,037 for construction.

The N. O. & N. E., in 1900-1901, expended $85,480, on account of construction, and $40,611, account of equipment. In 1901-1902, $73,154, account of construction, and $81,912, account of equipment. In 1902-1903, for construction, $196,380, and account of equipment, $75,858.

The A. & V., account of construction, 1900-1901, $74,609 and equipment $72,971. In 1901-1902, construction, $97,669, equipment, $45,168. In 1902-1903, construction $173,574, and equipment, $87,546.

Note.—All of these outlays were included in expenses of operation.

Ibid., p. 979.

(*o*) While the thirteen cent rate to Cairo was in force, 1894 to 1899, it yielded a profit to the carriers.

The same is true of the fourteent cent rate in force from 1899 to April 15, 1903.

> "This rate of 14 cents appears to be reasonably high when compared with the rates on other kinds of lumber and yellow pine lumber from other points, and when compared with the rates on other commodities at all analogous to lumber in respect to value, volume, and the various circumstances and conditions affecting the transportation of traffic."
>
> *Ibid.*, p. 980.

From 1894 to 1899, under the thirteen cent rates, and from 1899 to 1903, under the fourteen cent rate, there was a steady annual growth in net earnings of the defendants, except the Cincinnati, N. O. & T. P.

The net earnings of the defendant roads at the beginning and conclusion of each of these periods were as follows:

NET EARNINGS UNDER 13 CENT RATE.

ROADS	1899	1902.
Southern Railway	$8,853,160	$12,076,220
Illinois Central	6,762,382	9,911,408
Louisville & Nashville	7,052,156	8,250,275
Cincinnati, N. O. & T. P.	1,104,591	1,758,931
Alabama Great Southern	580,075	642,285
N. O. & N. E.	278,098	439,150
Mobile & Ohio	1,009,393	1,182,238
Alabama & Vicksburg	151,871	216,154
Gulf & Ship Island (1897)	22,198	110,563

NET EARNINGS UNDER 14 CENT RATE.

ROADS	1895	1899.
Southern Railway	$5,558,006	$8,853,160
Illinois Central	9,911,408	14,572,907
Louisville & Nashville	8,250,275	9,851,946
Cincinnati, N. O. & T. P.	1,758,931	1,636,797
Alabama Great Southern	642,285	798,771
N. O. & N. E.	439,150	592,128
Mobile & Ohio	1,182,238	1,625,019
Alabama & Vicksburg	216,154	278,956
Gulf & Ship Island	110,563	452,563

Note.—Up to September 9, 1899, the earnings were under the 13 cent rate.

(*p*) The testimony in relation to the financial history and transactions of defendants, their capitalization, funded debts, cost of construction, etc., is conflicting and does not show either the total cost of construction or present value of the roads and their property used for the public convenience.

Their financial condition has steadily improved up to and including the year 1903, the year of the advance. They were prosperous at the date of and for years prior to the advance; they were doing a largely increased business, with, it is true, a largely increased expense, but there was, as a rule, with no material exceptions, a constant increase from year to year in *net* earnings. Their reports show dividends declared by them as follows:

Ibid, pp. 980-981.

The Southern, 1897 to 1903, inclusive, ranging from $543,000, 1 per cent. on $54,300,000 preferred stock; in 1897 up to $4,500,000, 7 1-2 per cent. on $60,000,000 of preferred stock in 1903.

The Illinois Central has declared dividends for each year 1888 to 1903, both inclusive, 1888, $2,450,000, being 3 1-2 per cent. on $30,000,000 and 3 1-2 per cent. on $40,000,000 of common stock, and, in 1903, $5,702,400, being 6 per cent. on $95,040,000 of common stock.

(Note in 1904-05 it ordered paid a dividend of 7 per cent on same amount of stock.)

The Louisville and Nashville has declared dividends each year 1899 to 1903, both inclusive, ranging from

$1,848,000, about 3 per cent. on $54,911,500 of common stock in 1899, up to $3,000,000, 5 per cent. on $60,000,000 of common stock in 1903.

The Alabama & Vicksburg has declared dividends for each year 1897 to 1903, both inclusive, ranging from $21,000, 3 per cent. on $700,000 common stock in 1887 up to $63,000, 6 per cent. on $1,050,000 of common stock in 1903.

The Alabama Great Southern has declared dividends for each year from 1896 to 1903, both inclusive, ranging from $190,571, 5.64 per cent. on $3,380,050 of preferred stock in 1896, up to $309,061, 9.15 per cent. on $3,380,350 preferred stock in 1903.

The Cincinnati, N. O. & T. P. has declared a dividend for the year 1903, being $100,000, 5 per cent. on $2,000,000 preferred stock.

In 1903 the Mobile & Ohio declared a dividend of $107,412, 2 per cent. on $5,370,600 of common stock.

In 1903, the Gulf & Ship Island declared a dividend of $100,000, 2 per cent. on $5,000,000 of common stock.

All the defendants, in addition to paying dividends, also report large surpluses earned.

The New Orleans & North Eastern appears to have declared no dividends, but reports a growing (with the exception of 1901) surplus for each year from 1900 to 1903, both inclusive, to wit:

In 1900, $139,411, in 1901, $90,547, in 1902, $193,045, in 1903, $253,809.

Ibid., pp. 981-982.

(*q*) The car equipment and the yard and shop facilities of the roads were not sufficient to enable them to handle with dispatch the large increase in the volume of the lumber traffic and traffic generally during 1902 and the spring of 1903. The net results could have been much improved if the transportation had not been under congested conditions. This was principally at junctions and terminal points.

Notwithstanding the congestion, the gross and net earnings of the roads continued to increase and were very large during the time it prevailed.

The freight transportation equipments and facilities of the roads have now (February, 1905) been generally improved, both in quality and quantity, and also, their road-beds and physical conditions generally. While the money spent has been added to operating expenses, the improvements not only increased the carrying capacity of the roads, and consequently their earnings, but have also lessened the cost of operation. The testimony of witnesses for the roads is that a decrease in rates on traffic in general has been "going on throughout the United States" since the improvements in transportation have been put in operation.

(*r*) No special equipment is furnished or required for the hauling of lumber. It may be moved in open or flat cars, gondola cars or box cars, which are also used in handling other traffic.

Open or flat and gondola cars are used for undressed

and rough lumber or which is too long for box cars. Box cars are used for the dressed or better class of lumber.

On the Mobile & Ohio it is said 65 per cent. of the cars used for lumber are flat or open, while on the other roads only about 15 to 30 per cent. of the cars used are flat or open.

During the representative month of March, 1903, 649 lumber cars were shipped over the L. & N., of which 519 or 80 per cent, were box cars and 20 per cent. flat or gondola cars. The difference, in this respect, between the M. & O. and the other roads, is said to be because the lumber of the M. & O. is not of as high a grade.

It costs somewhat less and is easier to load with lumber on an open than a box car, but the rates on the open cars, while now the same, were formerly higher than on box cars; having been at one time 7 cents higher, and afterwards 3 cents. That difference was stated to have been because box are more adopted to other freight than open cars, and fewer of the former therefore return empty. A large proportion of the box cars come south loaded with grain and merchandise. The gondolas are used by the roads to a large extent in hauling coal south, but for the most part the open or flat cars return empty. The testimony does not show the proportion definitely.

Ibid., pp. 988-984.

Open on flat cars are equipped with standards, braces and supporters by the shippers every time they are used to ship lumber. This is done at the shipper's expense,

and where the equipment is according to the requirements of the Master Car Builders' Association rules it costs $3.50 a car.

(*s*) Cars transporting lumber are not, as a rule, loaded to their capacity.

The greater the proportion of open cars the greater is the loading to stenciled capacity. For lack of cubical space, box cars, built primarily for grain and merchandise, cannot be loaded with lumber to their stenciled capacity.

The loadings are given by different roads, 74.1 per cent., 69.6 per cent., 85 per cent. and 75 per cent. (I. C.)

The average loading of green lumber on 20 cars by the I. C. is given at 102 per cent.

Ibid., pp. 984-985

The following table gives the car capacity and actual loading of certain commodities named, other than yellow pine lumber:

	No. of Cars.	Loading lbs.	Capacity	Loading Percentage of Capacity
Cypress Lumber	17	595,000	738,000	81.11
Oak Lumber	8	384,450	490,000	78.47
Cypress shingles	17	716,600	1,060,000	67.75
Sash weights	6	253,868	400,000	63.38
Window Glass	9	433,800	610,000	71.00
Cement	20	780,750	1,170,000	66.70
Lime	15	379,400	846,000	44.32
Fertilizers	27	1,089,200	1,630,000	66.79
Cotton seed meal	8	250,000	450,000	55.00
Cotton seed hulls	38	1,047,400	2,228,000	47.00
Live stock	6	138,240	340,000	40.60
Furniture	3	39,000	180,000	22.11
Coal	4	241,000	270,000	89.50

These shipments were for the most part over the roads of defendants in 1903.

Commission Record, p. 985.

Lumber shippers make requisitions for cars of certain capacities to meet different orders, when, because of scarcity of equipment, they have not a car of the capacity ordered the carriers frequently furnish one of greater capacity. This necessitates underloading on the part of the shippers, *e. g.*, a 60,000 lbs. car will be furnished when one of 40,000 capacity is called for.

(*t*) The tonnage of lumber hauled by defendants and other roads throughout the United States is very large in proportion to that of other commodities.

Here follows a table made up from the reports of the roads to the Commission, from which it appears that the tonnage of lumber transported during the year 1901 was greater than that of all commodities named, except bituminous and anthracite coal, and during 1902 and 1903 greater than that of all, except bituminous coal:

The conclusions of the Commission are reproduced here:

CONCLUSIONS.

1. The question in this case is whether the advance of 2 cents in the rate, effective April 15, 1903, and made applicable south of the Ohio, was justifiable. Prior to the advance, from September 9, 1899, to the date of the advance, nearly four years, the rate to Cairo had been 14

cents and the advance complained of raised it to 16 cents. From September 9, 1899, back to May 1, 1894, a period of five years and four months, the rate had been 13 cents, 3 cents less than the advanced rate. When carriers advance a rate which has been for some time in force, the burden of proof is upon them to show sufficient grounds for such advance. (*Holmes vs. Southern Ry. Co.*, 8 I. C. C. R., 568). The defendants, recognizing this, seek to justify the advance, first, on the ground that the yellow pine industry was enjoying great prosperity, "that" (in the language of their answer) "profits heretofore and now derived fom the mills * * * are unusual and excessivey large," and that they (the defendants) had a right to participate in this alleged prosperity.

It is true the lumber business has grown from its inception and was at the date of the advance larger and possibly more prosperous than it had been, but the proof does not show that for the two or three years preceding the advance the prices of the mill products had been materially increased or that the profits realized on the business were "unusual or excessively large." Conceding, however, for argument's sake, that the lumber business had at the date of the advance become phenomenally prosperous and remunerative, this could not justify an advance of a rate already reasonably high.

The test of the reasonableness of a rate is not the amount of the profit in the business of a shipper or manufacturer, but whether the rate yields a reasonable com-

pensation for the service rendered. If the prosperity of the manufacturer is to have a controlling influence, this would justify a higher rate on the traffic of the prosperous manufacturer than on that of one less prosperous. The right to participate in the prosperity of a shipper *by raising rates* is simply a license to the carrier to appropriate that prosperity or, in other words, to transfer the shipper's legitimate profit in his business from the shipper to the carrier. The increased prosperity of shippers along the line of a railway enlarges the business of those shippers and, as a consequence, both the tonnage of traffic which they receive in their business and which they ship to their customers. In this way the carrier necessarily and justly participates in, or is benefited by, the prosperity of the shipper. This appears to be the case with these defendants, as the tonnage of lumber shipped by complainant's members over defendant's lines and the revenue of defendants therefrom have constantly grown in amount.

The question as to the right of a carrier to participate in the prosperity of its patrons was presented to this Commission in "*In re Proposed Advances in Freight Rates*," 9 I. C. C. R., 405, and in discussing it we said:

"Carriers insist that inasmuch as the prices of articles transported have advanced the rate ought also to advance; otherwise expressed that they should share in the general prosperity.

"While within the last four years the prices of nearly all commodities of general consumption have materially risen, the freight rate has not advanced to a corresponding extent. If therefore that rate is to be treated as an article of merchandise, it is difficult to see why the position of the carriers is not well taken. It is not, however, properly so regarded. Transportation by rail is a service of a quasi-public nature not to be sold to the highest bidder, nor subject to the laws of supply and demand. This sufficiently appears from the provisions of the act regulating commerce, which requires the same rate to be charged all persons and enjoins the publication of that rate."

2. In the next place, it is claimed in justification of the advance in the rate that it was rendered necessary by increases in the operating expenses of the defendants resulting from higher wages paid their employees and higher prices of the material and equipment used by them. The proof shows increases in wages and in prices of material and equipment, but not in a marked degree for the two years, 1901 and 1902, immediately preceding the advance in rate. These increases have doubtless added materially to operating expenses, but the total annual increases in those expenses are, of course, due only in part to the advances in wages and prices of supplies and equipment. They are attributable in a great measure to the constant growth or enlargement of the business of the roads. Not only has the lumber business

of the roads greatly increased, but their business in general. The greater the volume of business, the greater is the aggregate cost of conducting it, or, in other words, of operating the roads. The total operating expenses of the roads, as reported by them, have also been much enlarged by the inclusion therein of large expenditures for permanent improvements.

It is to be borne in mind in this connection that the operating expenses of the *mill companies* in the matter of wages and supplies required in the manufacture of lumber have also grown. These supplies are largely the same as those used by the defendant railways, and it is estimated that for the years, 1902-1903, the cost of the manufacture of lumber had increased about 10 per cent.

While the operating expenses of the defendants have constantly grown, the gross earnings from operation have also increased from year to year to such an extent as to have resulted in a constant increase of net earnings. This is shown in the tables set forth in our findings of fact (finding 14).

3. We do not think sufficient cause is shown, either in the alleged large profit in the lumber business or in the increased cost of operating the roads, for the advance in the rate on lumber. But it is further contended in behalf of the defendants that lumber, considering its character and all the conditions incident to the services rendered in its transportation, was not, at the 14-cent rate in force at the date of the advance, yielding its proper proportion

of the revenue required by the defendants to meet their expenses—in other words, that that rate as applied to lumber was not a reasonable rate, viewed from the carrier's standpoint, in that it was not adequately remunerative. The question of the reasonableness in this sense of a rate *on a single article* of traffic is one of almost insuperable difficulty.

In *Smyth vs. Ames* (*Nebraska Freight Rate Case,* 169 U. S. 466, 42 L. Ed. 819, 18 Sup. Ct. Rep. 418) there was involved an entire system of rates applicable to all traffic on the roads in the State of Nebraska and not the rate on a single commodity or article of traffic. In that case the Supreme Court held that the carrier is entitled to earn "a fair return upon the value of that which it employs for the public convenience."

The value of the entire property of a road employed for the public convenience can shed but little, if any, light upon the question whether the rate on a single, among thousand of articles of traffic, yields its proper proportion of a fair return on that value. The rate on one article of traffic may be reasonably high and the carrier fail to earn a fair return on the value of the entire property employed for the public convenience because of unreasonably low rates on other traffic, and, *vice versa,* the rate on one article of traffic may be unremunerative, or unreasonably low and the return to the carrier from its entire business may be fair or reasonably high, the de-

ficiency under the rate on the one article of traffic being made up by the rates on the balance of the traffic.

Even, however, if we be mistaken in this, it is impossible with any degree of accuracy to determine, from the voluminous and conflicting testimony on the subject introduced in behalf of both parties in this case, what is the value of the property employed by the defendants for the public convenience. At the outset of an investigation of this question, in the case of a through rate participated in by a number of connecting carriers, it must be determined whether the basis is to be the aggregate value of that which all the parties to the rate employ for the public convenience or the values separately of that which each of them so employs. The value of the property used by each road in the public service differs materially, and also the cost of operation; therefore, what would be a fair rate or return for one would not be for another and a fair return upon the aggregate value of the property of all the roads might, and probably would be, unfair to some, if not all, of them individually. In "*In re Proposed Advances in Freight Rates,*" *supra,* in which this matter was involved, the Commission says:

> "But what is the value of a railway? Does not that value depend almost wholly upon the rate which it is permitted to charge? If the rates upon a railway system are reduced without thereby stimulating the movement of traffic the value of the property is diminished. If its rates are advanced without loss of traffic the value of its property is increased.

Stated in another way: the value of a railway depends upon what it can earn on the basis of a reasonable rate; and the reasonableness of a rate depends upon the return which it will yield upon the value of the property.

"The Court" (in the *Nebraska Freight Rate Case, supra)* "pointed out certain elements which should be taken into account in determining the reasonableness of rates, and these were 'the original cost of construction, the amount expended in permanent improvements, the amount and market value of its bonds and stock, the present as compared with the original cost of construction, the probable earning capacity of the property under particular rates prescribed by statute, and the sum required to meet operating expenses.' The Court added that there might be other matters proper to be regarded in estimating the value of the property, and did not indicate the relative importance which was to be assigned to the various matters specified. *It is plain that until there be fixed, either by legislative enactment or judicial interpretation, some definite basis for the valuation of railroad property, and some limit up to which that property shall be allowed to earn upon that valuation, there can be no exact determination of these questions. In the absence of such a standard the tribunal, whether Court or Commission, which is called upon to consider this matter can only upon the whole exercise its best judgment."*

4. While the Supreme Court has undertaken to point out "certain elements" to be considered in determining the reasonableness of an entire system of rates, it has not named any as shedding light upon the reasonableness of a rate on a single commodity like lumber. It is evi-

dent that such elements are widely variant in the two cases. Where an entire system of rates is involved, the principal, if not the only, question is whether the revenue yielded by the rates on all traffic is a fair return on the value of that which is "employed for the public convenience"—a question, the determination of which, as we have shown, can have only a very remote, if any practical, bearing on the reasonableness of a rate on a single article of traffic. On the other hand, where the rate on a single article is in issue, the question (which could not arise in the former case), whether the rate is unjustly discriminatory or unduly preferential, may be presented, and the reasonableness of the rate depends upon the value, volume and other characteristics affecting the transportation of the particular commodity to which it is applied. There are many things disclosed by the evidence and set forth in our "Findings of Facts," which bear directly upon the reasonableness of the particular rate in question in this case (and not upon the rates as a whole of the defendants) and which aid us in arriving at a correct judgment in respect thereto.

5. In the first place, the present advanced rate is the last (up to date) of a series of advances and was made by joint or concerted action of the carriers. It is claimed by them that, in advancing the rate, they acted independently, each for itself, but the proof shows conclusively that the advance was the outcome of a concert of action and a previous understanding between the companies.

Through their authorized official representatives they conferred with each other repeatedly as to the making of an advance; recognized the fact that, because of competition in common markets between the lumber-producing districts served by them, the advance should be from all those districts or none, and finally they all promulgated the advance to take effect at exactly the same time and for exactly the same amount. This concurrence of action was not only between the railway companies, parties defendant in this case, and in relation to the rates charged by them, but was participated in by the lumber-hauling roads serving the territories west as well as east of the Mississippi River.

We deem it unnecessary to express an opinion as to whether this concert of action in fixing the advanced rate amounts to an unlawful agreement under the so-called "Anti-Trust Act"—the enforcement of that act being a matter properly cognizable by the Courts. It is clearly, however, within the scope of our authority and duty to consider this joint or concerted action of the defendants in the aspect of its bearing upon the reasonableness and validity of the advanced rate, the result of the action. Where rates are established by concert of action and previous understanding between the carriers, it is manifest, whether or not there be a binding agreement to maintain such rates, that the element of competition is eliminated. Concert of action is wholly inconsistent with competition and, during the time the rates

fixed by concert of action are maintained, the effect, so far as competition is concerned, is the same as if there was a binding agreement to maintain such rates.

Competition is favored by the laws. The object of the pooling section (Section 5) of the Interstate Commerce Act is to prevent "any contract, agreement or combination" between otherwise competing carriers by which competition between them may be done away with. In *East Tenn., Va. & Ga. Railway Co. vs. Interstate Commerce Commission,* it is said: "The Interstate Commerce Law, it is conceded, was intended to encourage normal competition. It forbids pooling for the very purpose of allowing competition to have effect." (99 Fed. Rep. 61.) The Supreme Court holds that the suppression of competition is violative of the so-called "Anti-Trust Act," in that such suppression restrains trade and commerce by "keeping rates and charges higher than they might otherwise be under the laws of competition." *(Joint Traffic Association case,* 171 U. S. 569, 571, 577, 43 La. Ed. 287, 288, 290, 19 Sup. Ct. Rep. 25; *U. S. vs. Freight Association,* 166 U. S. 341, 41 La. Ed. 1027, 17 Sup. Ct. Rep. 540).

The ground upon which competition is favored is that it conduces to the reasonableness of the rates or to the protection of the public from unreasonably high or excessive rates. In *United States vs. Freight Association, supra,* the Supreme Court says "competition will itself bring charges down to what may be reasonable" (166

U. S. 339, 41 La. Ed. 1027, 17 Sup. Ct. Rep. 540). The act to regulate commerce (Section 1), in prohibiting unreasonableness of rates, in effect forbids whatever conduces to such reasonableness. In any event, it is incumbent upon this Commission, when the reasonableness of rates is in issue before it, to consider how those rates were brought about—whether they are the product of untrammeled competition or the result of a concert of action or combination between the carriers establishing and maintaining them. The advanced rates complained of cannot be claimed to be the outcome of competition, because "the natural, direct and immediate effect of competition is to lower" (171 U. S. 577, 43 La. Ed. 290, 19 Sup. Ct. Rep. 25), rather than advance, rates. The advanced rates must be presumed to be higher than rates which unrestrained competition would produce.

6. As we have seen, the 14-cent rate in force at the date of the advance had been maintained nearly four years, and a still lower rate, 13 cents, had been maintained for the preceding five years and four months. "The continuance of a given rate is not conclusive evidence of the reasonableness of that rate; but when a railway company advances a rate which has been for some time in force, the fact of its continuance is ***in the nature of an admission*** against that company which tends to show the unreasonableness of the advance." (***Holmes vs. Southern Ry. Co.***, *supra.)* In addition to this *quasi* admission, we have the testimony of the officers of the defendants that there

was a profit to the defendants in the lumber traffic while the 13-cent rate was in force, and also a profit while the 14-cent rate was in force. The defendants in their answer say: "Respondents admit that under previously existing rates lumber was carried at a profit, but respondents aver that it *was not an exceedingly profitable commodity.*" No reason is given or shown why lumber should be singled out as a commodity upon which an "exceedingly" large profit should be earned. A reasonable profit is all the defendants are entitled to and the testimony is far from convincing us that the profit under the 14-cent rate was not reasonable or would not now be reasonable. As stated in our "Finding of Facts," the 14-cent rate appears to be reasonably high when compared with the rates on other commodities which are at all analogous to lumber in respect to value, volume and the various conditions affecting the service of transportation. During the period from 1894 to 1899, while the 13-cent rate was operative, there were large annual increases in the net earnings of the defendants and the same was the case from 1899 to 1903, while the 14-cent rate was operative (Finding 15). During those periods there was also a large growth in the tonnage of lumber hauled by the defendants and, therefore, their increases in net earnings were in part, at least, derived from the lumber traffic under those rates. Dividends have been declared during those periods, and, in addition, considerable surpluses have been reported (Finding 16) and large sums have

been invested in permanent improvements or betterments (Finding 14).

7. The defendants, other than the originating roads, complain of the small amount of revenue or low rate per ton per mile realized by them out of their proportions of the through rates. This is due to the large allowances out of the rates made to the originating roads. (See Findings 3 and 4.) Those allowances commenced under the lower rates in force prior to the advance and raise the presumption that those lower rates minus the allowances were then considered reasonably remunerative for the remainder of the hauls to the Ohio River crossings. As the 2 cents advance goes entirely to the roads continuing the transportation on to the Ohio and none of it to the originating roads, the inference is that advance was made solely with a view of increasing the proportions of the former roads. If the allowances to the originating roads are unreasonably large, as they appear to be from a distance standpoint, and result in unreasonably low proportions to the other roads, this cannot be remedied by an advance in the total through rates *charged the public*. It is the total rate, and not its proportions, which is in issue.

8. Although both the net and gross earnings of the defendants have grown from year to year, the percentages of what are reported by the defendants as "operating expenses" to earnings have also somewhat increased (Table, finding 14), and this is urged as showing

the necessity for an advance in the lumber and some other rates. It is to be noted that those operating expenses embrace large annual expenditures for real estate, right of way, tunnels, bridges and other strictly permanent improvements, and also for equipment, such as locomotives and cars (Finding 14). While payments for repairs, whether applied to permanent improvements or equipment, are properly chargeable to current annual operating expenses, this would not appear to be the case as to the improvements or equipment themselves—the former being permanent and the latter lasting for many years. The expenditures for permanent improvements and for equipment made in a single year may obviate the necessity for like expenditures or expenditures to the same extent for many years to come, and the extraordinary amount of such expenditures made by the defendants in a few years preceding and including the year of the advance in rates indicates that they will not be required again for a long period of time. They should not, therefore, be taxed as a part of the current or operating expenses of a single year, but should be, so far as practicable and so far as rates exacted from the public are concerned, "projected proportionately over the future." If these large amounts are deducted from the annual operating expenses reported by the defendants, it will be found that the percentage of operating expenses to earnings has in some instances diminished and in others increased to no material extent.

9. The published rate to Cairo in the territory west of the Mississippi River, embracing that part of Louisiana west of the river, Arkansas and Texas, is the same as the published rate from the territory east of the Mississippi served by the defendants, but the roads in the former territory make an allowance called a "tap line allowance" to the millers of 2 cents and over per hundred pounds for the hauling by their "logging roads" of the lumber from the forests to the mills. This is equivalent to a rebate or reduction from the published rate. Of the defendants, only the Mobile & Ohio makes such allowance. The giving of this rebate by that road and by the roads west of the Mississippi is in the nature of an admission, or raises a strong presumption, that the published rate less the rebate is a reasonably remunerative rate. The rebate was allowed by the Mobile & Ohio and roads west of the Mississippi under the rate in force at and prior to the date of the advance, April 15, 1903.

The question, whether allowances from the published rate made by the roads west of the Mississippi to logging roads or "tap lines," as they are called, owned or controlled by the lumber mills, constituted departures from such published rate in violation of the Act to Regulate Commerce, as amended February 19, 1903, was presented for decision by this Commission in the case of *The Central Yellow Pine Association* (complainant in the present case) *vs. The Vicksburg, Shreveport & Pacific Railroad Co.*, 10 I. C. C. R. 193, and it was held that the

published rate must be strictly observed; that the defendants were not authorized under the law "to grant a division of the rate to the owner of a lumber mill as compensation to him for the cost of bringing his logs to the mill by steam railroad, horse railroad, wagon, or any other means of conveyance;" and that a common carrier subject to the provisions of the Act to Regulate Commerce can "allow a division of rates *only to another* common carrier, which, participating in the particular traffic to which rate is applied, *is also subject to those provisions.*" Where both roads are common carriers, it is said "the two lines may by contract or agreement establish a joint rate from the point of origin on the one road to the point of destination on the other and agree between themselves as to divisions of the rate;" and, further, that, "treating the transportation, first of the log to the mill and then of the lumber to destination, as a through shipment, involves the *right to mill in transit*, and when that privilege is granted, the tariff should show on its face that the transportation covers carriage of the log to and the lumber from the mill and the division allowed the carrier of the log should be named in all cases."

The logging roads or "tap lines," to the owners of which the Mobile & Ohio road makes allowances out of the published rate from the mills to destinations, do not appear to be common carriers, or carriers for the public, subject to the provisions of the Act to Regulate Commerce but the private property of the mill owners used for haul-

ing logs to their mills. Those allowances are, therefore, unlawful under the rule laid down in the above decision.

The facts, that the roads west of the Mississippi make tap line allowances to mill owners in their territory and the defendants (with the exception of the Mobile & Ohio road) do not make such allowances to the mill owners in their territory east of the Mississippi, and that this results in placing the latter at a disadvantage in the common markets, does not constitute an undue preference for which the defendants in this case are liable under the Act to Regulate Commerce. The third section of that act, which prohibits undue preferences between individuals and localities, is not violated by the failure or refusal of the defendants to make tap line allowances to the mill owners in their territory while such allowances are granted the mill owners by other carriers in a different territory or section of the country. (*Central Yellow Pine Association vs. Vicksburg, Shreveport & Pacific R R. Co., supra.)* While, however, this is true, there does not appear to be any reason for making these allowances west of the Mississippi River, which does not equally apply east of the river, and if the rate west of the river is reasonable, minus the allowances, this is persuasive, or gives color to the proposition that after a similar reduction the rates east of the river would still be reasonably high. The Mobile & Ohio road by voluntarily making the allowance east of the river practically concedes this proposition as to itself.

10. The general rule is, the greater the tonnage of an article of traffic, the lower is the rate. No rule is more firmly grounded in reason or more universally recognized by carriers. It is because of the greater density of traffic north of the Ohio River in Central Freight Association territory and in Eastern Territory that rates in general are materially lower in those territories than in Southern Territory. The defendants have made yellow pine lumber an exception to this rule; while the *tonnage* in general of the defendants and lumber tonnage in particular have grown greatly, the lumber rate has not been lowered, but has been materially advanced. Moreover, the testimony is that "a decrease in the rates on traffic in general has been going on throughout the United States since the improvements in transportation have been put in operation;" here, again, lumber has been taken from under and deprived of the benefit of the general rule.

11. As said in *Marten vs. L. & N. R. R. Co.* (9 I. C. R. 589) and shown by proof in this case, "lumber is an inexpensive freight and only a few other commodities furnish to carriers so large a tonnage." The lumber business is constant, yielding the carriers revenue all the year; no special equipment is constructed or furnished for its carriage; it is loaded by the shipper and unloaded by the consignee, and where open cars are furnished, the shipper is required at considerable expense to equip them so as to protect the load and the train; there is small risk incident to its transportation, and, in case of

accident, the damage is insignificant. For these reasons lumber should be given rates which are relatively low.

Our conclusion on the whole is that the advance April 15, 1903, of 2 cents in the Cairo rate (with a corresponding increase in the rates of the other Ohio River crossings) was not warranted under all the facts in evidence, and that the resultant increased rate is unreasonable and unjust. An order will be issued in accordance with these views.

ABSTRACT OF TESTIMONY AND NOTES.

History of the Development of the Lumber Trade, Transportation and Rates.

In the testimony of Mr. I. C. Enochs, an intelligent gentleman, who has been in the lumber manufacturing business since 1872, the Court will find an exceedingly interesting account of the evolution or development of the interstate lumber trade, both east and west of the river, as well as the development of the transportation facilities of the Illinois Central Railroad and a history of the freight rates.

Vol. II, p. 147.

After the war the demand was purely local for rebuilding in Mississippi.

In 1875 there was a considerable uplift of business, and in 1877 and 1888 all lumber radically advanced, and with the advance there was such a demand for material, north of the Ohio, the mills could not supply it.

In 1877, 1878 and 1879 there was a good demand for car sills and car material and quite a number of mills became active, but they did no business except that which was special. They piled up a good deal of stuff. What is known as strips, sideboards, and an attempt was made by buyers of the car material to utilize it in the Northern trade, but it was a failure. They found it unprofitable, blue work and would not bear transportation charges, and did not suit the demands of their trade.

Some of the mills burned it, some sought to save it and some sold a slight percentage for local consumption.

It was a loss to the shipper, to the trade and to the railroad.

And out of that situation the railroads and the lumber manufacturers had to do something to take care of that by-product.

In the manufacture of structural material, part of the high grade stuff was lost because the sideboards and strips from which high grades of lumber are now obtained, were cut from the sides of the logs and all the tops of the logs were lost.

Ibid., 150.

The business of manufacturing the entire log for the Northern market was worked out during the decade from 1880 to 1890. It was a very faulty, evolving process worked out about the latter part of the decade.

Ibid., 150.

The methods of transportation were also a varying and evolving proposition. Lumber was handled upon an estimated weight basis. It was a long time before the roads put in scales and allowed the shippers to handle their business, except on an estimated weight basis.

Four pounds to the foot was taken as the weight, but this proved to be too low.

Asked to state the conditions of transportation in that period and up to 1893, in view of the declaration of the railroad people that they wanted to get back to the condition that transportation bore to the traffic, Mr. Enochs stated that in that period the cars in use were 8, 9 and 10 tons, most of the cars were 16,000 and 18,000 pounds, a few 20,000 pound cars. In 1877 and 1878 truss rods were put under the same cars and that permitted a shipment of 20,000 pounds on the 18,000 pound cars and 24,000 pounds on the 20,000 pound cars.

The roadbed and the railroad were about on a parity, iron rails, the old Crow rail. "We had a 60-inch gauge." The lumber was transferred either at Cairo or Columbus. A hoist was used at Cairo, the cars being transferred by boat and placed on other trucks, that is, the cars of the I. C. and the M. & O.

Thirty to thirty-five tons was the heaviest engine in use for freight.

In 1893 the average capacity of the cars of the Illinois Central was 50,032 pounds—*i. e.*, for box cars, 40,470, and of flat cars, 30,000.

In 1893, speaking of the traction power of the locomotives, Mr. Enochs did not think any of them weighed over forty-five to fifty tons.

In 1903, the year in which this advance was made, the average capacity of their flat cars was 66,360 pounds; of their box cars 58,300 and of their coal cars 66,640 pounds.

The increased capacity in flat cars has been 123 per cent.; in box cars, 47 per cent., and in coal cars, 33.2 per cent.

The locomotives will bear about the same average increase, except as to the flat cars.

Thinks they have some engines that weigh 100 tons. The Gulf & Ship Island bought some ninety-ton engines which they exchanged with the I. C. for lighter ones.

The roadbed of the I. C. has been improved so that it will take and carry the heavier equipment successfully during the last ten years.

Would say without hesitation that the average train load of the Illinois Central today (December, 1903) more than doubles what it was ten years ago.

With the same number of cars they can haul about twice as much tonnage.

Ibid., 152.

Speaking of the comparative conditions of the lumber trade west and east of the river and the adjustment of the rates in 1893, Mr. Enochs said the Arkansas people were ten or fifteen years ahead of us in the economical

and scientific utilization of the forest products or resources.

That was brought about partly by local conditions, partly by the people engaged in the business and partly by the treatment of their transportation companies.

Mr. Gould himself investigated the conditions, found what was necessary to move the forest products and installed the proper methods.

Ibid., p. 153.

Long prior to 1893 the Arkansas people were manufacturing and marketing the entire product of the log.

After the Cotton Belt road was completed to Cairo and the Arkansas shippers had found it possible to compete in the Kansas City territory with white pine, they began to extend their business into Illinois, basing as to Cairo, to which in 1893 and back of that they had a 13-cent rate.

On this side when the rates were based for shipments north of the Ohio River, taking Chicago as a basis, the rate was 27 cents on box cars and 30 cents on flat cars.

The 27-cent rate was applied on box car shipments wherever the Illinois Central lines reached. They took it out to Iowa and to Sioux City. The Illinois Central told "us" we could have a slight diminution to points in the interior of Illinois for planing mill product or box car product, but principally flooring and ceiling, but "we" told them we wanted a certain rate to a certain

point in order to get the business, and we got it worked down to 27, to 26 and 24, and finally to 20 cents.

In 1892, as the result of continued experimenting with the rate situation, the rate to Chicago was put at 22 cents and the differential on flat cars was abolished.

In the early part of 1893 the rates were advanced from 22 to 24 cents from east side points to Chicago, and were advanced from points on the New Orleans and Northeastern.

Cairo is the point at which the west side and east side mills have averaged their traffic, since 1893, for points north of the Ohio River, and was made the basing point.

When complaint was made to the railroad about the advance on this side they said they could not get the carriers on the other side to advance theirs. They insisted on a differential of 2 cents.

The traffic managers of the east side railroads and particularly the general freight agent of the Illinois Central thought that, if they should reduce their rate to 13 cents, the Arkansas lines would reduce theirs to 11 cents.

The reasons given were that conditions were different in Arkansas from those in Mississippi, which justified them in maintaining this differential.

The difference in the rate gave the Arkansas mills that much advantage in common markets.

The 13-cent rate was in effect prior to 1893.

It was the common rate as long as both sides used it, but the east side lines advanced theirs to 15 cents. When,

in 1894, they returned to the 13-cent rate it was common to both sides.

In 1899 (September 9) the rate was advanced both north and south of the river 1 cent, making the rate to the Cairo basing point 14 cents.

The fact that the Arkansas roads allowed a tap line division to their shippers (see stipulation on file in *re* tap line proof) came to light in 1894, Mr. Mobberly of Chicago calling the attention of witness to it.

Mr. Hudson (traffic manager of the I. C.) said the tap line proportion was in effect prior to 1894, before the readjustment of rates.

The Arkansas roads had practically a lower rate by means of the tap line divisions.

There was no change in the rates south of the river from 1899 (14 cents) until 1903.

Mr. Enochs testified also that while special cars are designed by the Illinois Central for various kinds of traffic, such as fruit and vegetables, live stock, coal, petroleum and furniture, no special equipment is provided for lumber.

He also produced the statistics of all tonnage handled by the railroads in the United States in 1901, the same which is printed in the findings of the Commission and showing that the lumber tonnage far exceeds any other traffic except coal.

Ibid., p. 162.

As to loading, he shows that the only reason why box cars of the eighty-ton type cannot be loaded to stenciled capacity is the lack of cubical space.

The 50,000 pound cars can easily be loaded to full capacity.

His own shipments for four months on open cars averaged 50,300 pounds, and for a year from another mill the average was nearly 50,000 pounds.

All his traffic practically is handled in coal cars.

The Illinois Central has only 2,581 flat cars, about 7 per cent. of its entire equipment.

Asked what he would say as to the claim of the railroads that the increase of rates was necessary because of the one-way haul of the cars used, Mr. Enochs replied that for the traffic originating on the Illinois Central (one of the oldest and best equipped roads in the South) it furnishes a very small percentage. "I don't think we use in our shipments more than 1 per cent. If the I. C. would never give us a single flat car we would not be hampered in the movement of our product."

Our cars come South loaded, as a rule, loaded with coal.

At this point there was read into the record the mileage of loaded and empty freight cars north or east and south in group 5 (the defendants' group), as follows:

Loaded north or east, 339,782,433; south, 393,793,919, or a difference of 54,111,476 loaded coming south.

Empty freight car mileage north or east, 178,438,142; south, 132,352,475, showing an excess of empties north over those moving south of 46,085,867.

This is taken from the report of the Commission for 1901, page 67.

Asked as to the advantage or disadvantage of special cars for special purposes, as bearing upon the transportation problem, Mr. Enochs said that would be found in the empty car mileage. It would be more conducive to a larger percentage of empty cars than a car designed for general purposes and capable of being used on the two-way haul.

A great many of the coal cars are so designed as not to be available for the alternate service because made with special hopper bottoms not fitted for lumber.

Treatment of Lumber Traffic.

Mr. Enochs shows that other traffic, such as cotton and coal, are given the preference. Has had coal cars, which he needed, taken from his side-tracks and hauled north empty for the movement of coal when he was ready to fill them on orders.

As to preference in movement, lumber is discriminated against in favor of nearly all traffic.

Ibid., p. 166.

The I. C. will run its cars by mills on its own line to be given to shippers on the G. & S. I.

Mills that use a greater percentage of gondolas (coal cars) ship structural material.

A very large percentage of coal cars, engines, cars for hauling ballast, bridge timbers, cement, etc., which were available for construction purposes, were taken out of their ordinary use by the I. C. and used in the last three years (1900, 1901 and 1903) in its construction work—double tracking its road.

The I. C. furnishes the G. & S. I. with cars for its lumber movement north.

Referring to Tap Lines.

Mr. Enochs thinks all the mills, owned by members of the Central Yellow Pine Association, have logging roads.

Tap line divisions had been allowed on the N. O. & N. E., but never on the I. C.

Ibid., p. 169.

Lumber Grades and Prices.

The Illinois Central paid the same price in 1902 as in 1901 for its lumber material.

The lumber produced in Mississippi divides itself into three grades, high, medium and low, about 1-3 per cent. of each.

The average of the low grades was $7.50 to $8.00. The rates on all grades were the same.

On all grades under the rate in force prior to April 15, 1903 the average freight rate was about equal to the value of the lumber at the mills.

As to the effect of the advance, Mr. Enochs stated that since they could not get the average cost of the low grades it increased the percentage of the unprofitable product and decreased the percentage of the profitable production.

When the advance was made the low grades were being marketed unprofitably north of the Ohio River.

The medium grade was being marketed on a small margin of profit. A 2 cents advance on the 14-cent rate was equal to 14 3-7 per cent. Add that to the advance of 1 cent made in 1899 and the raise amounts to 22 1-3 per cent.

Mr. Hudson (general traffic manager of the Illinois Central) informed the witness that ten years before his road hauled 64 per cent. of its cars out of New Orleans empty, and that now (December, 1903) they were having to haul cars into New Orleans empty to take care of the business offered.

Ibid., p. 173.

Advantages of Lumber as Freight.

Mr. Enochs testified that the following are, or should be, to the credit of lumber as a transportation product. (*a*) Value; (*b*) tonnage; (*c*) cost of handling; (*d*) constancy of the traffic; (*e*) as slow moving freight; (*f*) adaptability of all equipment to its movement; (*f*) indestructibility of material; (*g*) no damage claims; (*h*) no cars designed for lumber; (*i*) long haul loads; (*j*) full trains, thereby giving a distribution of rolling stock; (*k*)

freight mileage; (*l*) no station expenses, and (*m*) in open cars shipper makes equipment for transporting freight.

Mr. Enochs filed freight bills from 1890 to 1893, showing an 8-cent advance; 1890 to 1894, showing a 6-cent advance; 1892 to 1893, showing a 5 1-2-cent advance; 1893 to 1895, showing a 4-cent advance, and one in 1893, showing a 12 6-10 advance.

LOCAL DISTANCE TARIFF OF THE ILLINOIS CENTRAL.

The classification of freights is shown in six numeral items and twelve lettered items. In this classification lumber stands as the seventeenth item.

Beginning with five miles the first class is 20 cents and the last 3 cents. Lumber is 3 1-2, or next to the lowest.

The limit of the line south of the Ohio River is 550 miles, and this, which was made for Southern lines, shows the mean to be 125 per cent. above the lumber rates.

Ibid., p. 174.

(Refer to Enochs' Exhibit No. 21.)

The position and distance basis shown on this tariff, if traced back, will be found to be the same basis as was used for lumber in 1873, and the result of this distance table, applied to tariffs in effect reading Ashville, Ill., was that the present tariffs are higher by 2 1-2 cents than this distance table would create to Murfreesboro, and to a number of other points, the results will be shown by the tabulation.

Exhibit 21, Vol. II, p. 634.

Comparative Rates on Other Lumber.

Mr. Enochs produced tariff sheet of June 12, 1903, showing a rate on cypress from Natchez and Lutcher to St. Louis and East St. Louis of 12 and 13 cents, while the rate on yellow pine for corresponding distances from the interior, under the old rate, was 18 cents.

The distance from Lutcher to St. Louis is 723 miles. The bridge arbitrary leaves a net rate of 10 cents or $2.00 a ton. That gives a hauling revenue of 2.7 mills per ton per mile.

The rate from McComb City figured upon the same basis, 605 miles, gives a revenue of 5.9 mills per ton per mile.

The rate from Hanson City to Chicago, 913 miles, on cottonwood is 20 cents, or 4.38 mills per ton per mile, and from McComb City to Chicago, say 800 miles, the average of the yellow pine territory on the I. C., it is 26 cents, or 6.44 mills, per ton per mile, a difference of 47 per cent. against yellow pine. While the rate is named to Chicago, it applies to a great number of interior towns throughout Illinois and Indiana.

Cement Rates.

Mr. Enochs showed that the rate on cement from New Orleans to Chicago was 13 cents.

(Note—While Lutcher, Hanson City and Natchez are on the river, it was testified by Mr. Barnett, as well as

historically known, that part river competition to Chicago and the section north of the Ohio is not actual.)

Ibid., 195, *et seq.*

Mr. Enochs showed that if the advance of 14 2-7 per cent. made on lumber in 1903 had been applied to the total freight receipts of the I. C. for that year, they would have been increased $4,370,319.18.

Ibid., 178.

He also testified (Vol. II, p. 179) that lumber, as a transportation commodity, was very low down in classification; that the average receipts per ton per mile on all freight transported by the Illinois Central 1902-03 was 5.91 mills and on lumber 5.90 mills.

See Exhibit E, Enochs, *Ibid.*, p. 609.

The average paid by lumber after the advance was 6.8 mills per ton per mile. This is largely in excess of the mean average on all traffic.

In 1901 Mr. Enochs' output was 21,758,871 feet. The mill cost was $9.39 per thousand and the average selling price was $11.43, a difference of $20.04. In 1902-03 the output was 25,296,773 feet at an average cost of $10.93, and the selling average was $12.35, leaving the difference $1.42 per thousand.

Ibid., 181.

His company had a logging road thirty-one miles long to reach timber. It had recently sold a large body of timber at the rate of 2.25 per thousand because it paid

better than its manufacture. While the proposition was under advisement he saw the officials of the I. C. and endeavored to secure a tap line division for his logging road, but it was refused.

Ibid., p. 182.

To illustrate the deterioration in the value of sawmill property when the timber is exhausted, Mr. Enochs instanced the purchase of a mill standing the owner $148,000, at $20,000.

PERCENTAGE OF THE ILLINOIS CENTRAL IN DIVISION OF RATES WITH THE G. & S. I.

Using the average of 80 miles on the Gulf & Ship Island, and the actual mileage between Jackson and Cairo as between business originating on the G. & S. I. and reaching into Cairo, the percentage to the G. & S. I. is 260 per cent. above the I. C. (See Enochs' Exhibit E.)

Ibid., 609.

Mr. Enochs went to see Mr. Bowes (General Freight Agent of the I. C.) about the matter of tap line divisions allowed always in Arkansas and their being allowed by the N. O. & N. E.

Mr. Bowes said that as to the Arkansas situation they would not undertake to meet it; that, as to the lines on this side, they were going to stop it.

> "He simply said they did not have to do (allow) it and were not going to do it."

Ibid., 184.

OPINION AS TO REASONABLENESS OF RATE.

Mr. Enochs testified that he had given great attention to the rate question since 1871; was in the railroad business before he went into lumber, and had great experience afterwards; put in a whole year at its study in 1893-1894; has made it a consta[illegible] study.

Asked if, in his opinion, the a[illegible]nce of two cents was reasonable or unreasonable, he replied as follows:

> "If I did not think it was an unreasonable rate I would not be in this presence. Emphatically I say it is unreasonable." * * * "To the full amount;" that he thought unqualifiedly that the railroads' share before the advance was ample.
>
> *Ibid.*, 185.

Mr. Enochs also produced a large number of invoices of lumber shipped to Central Freight Association Territory, showing the small difference between the selling price and the freight paid. In many instances the latter exceeded the former.

Ibid., p. 185.

He also explained how light mileage respecting lumber shipments are. It being the carrier's fault in filling requisitions for cars, *e. g.*, their cars run from 28,000 to 80,000 pounds stenciled capacity, and their tariffs are made so as to accommodate the minimum carrying capacity of their equipment, and when a 40,000 or 60,000 car is called for by a shipper and a larger one furnished, it must go out on light mileage without fault of the shipper.

He added that no complaint of light loading had ever been made by the roads until this case started and that element of defense was introduced.

Ibid., 186-187.

The exhibits filed by Mr. Enochs are extensive and fully sustain his testimony in all things to which they relate.

His testimony has been extensively reproduced in this brief as he fairly represents the shippers' side of the controversy; is a man of perfect candor and appears to understand the entire problem involved as well as any traffic expert.

Mr. George S. Gardiner, a lumberman, who had become acquainted with the situation, supported Mr. Enochs fully.

He give a history of the so-called adjustment of rates between the Eastern lines in 1893 and the representations made against their reasonableness and justice by the lumber people. The representations were effective in the end, so that in the spring of 1894 a uniform blanket rate (so far as the published tariffs were concerned) was put in from this territory as well as from the west to Cairo, of 13 cents.

Vol. II, 8-15.

At that time the shippers on this side were insisting that a differential, then appearing in favor of west-side

mills, of 2 cents on the published rate, via Cairo, was not justifiable and that it was as important for the railroads as themselves to wipe it out because of the loss in the waste of the low grade product which could not enter the market.

The east-side people then knew nothing of the fact that not alone was there a rate lower by 2 cents west of the river, but that substantially it was at least 4 cents lower on account of the tap line allowances.

Ibid., 21-22.

Prior to the adjustment made effective in 1894 (April), at least 33 1-3 per cent. of the forest product in this territory was wasted, that is the low grade.

Afterwards all could be marketed and the same rate was applied to all grades.

Mr. Gardiner also speaks of the empty car movement, showing that practically all open cars coming South were loaded with coal or machinery.

He also confirms Mr. Enochs in the explanation given of the light loading, complained of for the first time.

Ibid., 30-32.

Also, that conditions respecting logging service east and west of the river are not dissimilar.

Ibid., 21-22.

Also, that the business of the railroads was handled under enormous difficulty in 1902-03, on account of congestion at Meridian, Jackson and elsewhere.

Ibid., 30.

It will be seen that Mr. Gardiner's study of the lumber traffic and freight question had been deep and extended.

Asked his opinion of the reasonableness of the rate in effect prior to April 15, 1903, and his reasons, he replied that the prior rate was reasonable and the advance unreasonable. One reason was that the railroad people themselves were mistaken in their statement that they needed the advance on account of the decrease in their net earnings, because an investigation of their net earnings in their annual statements, ending June 30, 1903, showed larger net earnings than in their previous history.

It does not or should not cost any more to haul lumber from representative points in Mississippi than from Arkansas and Louisiana (west of the river); that the charge made from points west of the river, distances substantially the same, is anywhere from 2 to 5 cents less than from this territory. The same is true on the Mobile & Ohio where the rate to Cairo is 2 to 3 1-2 cents lower (referring to the tap line allowance to logging roads).

Ibid., 35.

He then gives the percentage of increase in the net earnings of the Illinois Central and other roads.

In 1896 the net income of the I. C., applicable to dividends or for use in betterments, was $3,085,724; in 1897, $2,778,551; in 1898, $4,388,655; in 1899, $4,331,502; in 1900, $5,657,274; in 1901, $6,967,660; in 1902, $9,790,461; in 1903, $10,729,392.

The other lines showing practically the same increase.

The Southern, from $600,000 in 1896 to $4,130,141 in 1903.

The Gulf & Ship Island, $274,770 in 1902 and $473,717 in 1903.

Mr. Gardiner said he took those figures to prove there was no reason for supposing it was necessary to advance the lumber rate to meet the increased expense of operation and pay fixed charges.

Ibid., 36-37.

Mr. Butterfield (Vol. II, Record, 144) is a very large shipper on the I. C. He confirms the statement of Messrs. Enochs and Gardiner as to reasons for light loading, when that occurs. It is due to cars being supplied above the capacity named in the requisition.

His company owns a logging road twenty-five miles long over which it hauls its logs, also hauls in lumber from another mill, and the I. C. refuses any allowance either on the logs or lumber.

Ibid., 142.

The advance in the rate cut him out of a considerable amount of business in Minnesota.

Mr. A. F. Barnett, a witness for complainant, testified that he had been in the railroad business since 1879. Was general freight agent of the Queen & Crescent system at New Orleans. It was composed of the Cincinnati Southern, Allabama Great Southern, New Orleans and Northeastern, Alabama & Vicksburg and Vicksburg, Shreveport and Pacific.

Was general freight agent of the N. O. & N. E. when the 13-cent rate was in effect. That was the rate when he took charge.

The intermediate road to Cairo, handling lumber beyond Meridian, was the Mobile & Ohio, principally. So far as the N. O. & N. E. was concerned, the 13-cent rate was deemed reasonable and Mr. Barnett never heard of any complaint by the intermediate roads.

Asked, from his point of view, as a traffic man, what he would say as to the reasonableness of that rate (13 cents), all conditions considered, Mr. Barnett replied:

> "Considering the character of the traffic and the cheapness of the transportation, as compared with the transportation of other traffic, I would consider it a fairly reasonable rate."
>
> *Ibid.*, 196.

He said lumber had always been considered a very desirable traffic by railroads for the reasons: (*a*) That the shipper loads, (*b*) it moves most largely, if not altogether, by local freight trains, (*c*) its liability to injury in case of wrecks is at a minimum, and (*d*) practically any kind of car can be used in its transportation.

The advance from 13 cents to 14 cents would largely compensate the road to offset the additional expense of operation from increase in wages, etc.

The concessions to employees were demanded by them because of the understanding of that class of people that the roads were prospering and could afford to make them.

Ibid., 197.

While traffic man of the Q. & C. the matter of tap line allowances west of the river was brought to Mr. Barnett's attention and he attempted to equalize the freight rate for his patrons by adopting the same practice; that was, to allow mills operating logging roads a proportion of 2 cents per hundred pounds.

Ibid., 197, 198.

This was pro-rated with connections.

That allowance raised a "howl" on the part of lumber-carrying roads which made no such concessions.

It was discontinued in January, 1898.

In the meantime the mills had gotten into a better condition.

In that time the preponderance of the movement of empty cars was north-bound, although during the busy season, October to March, it became necessary for the N. O. & N. E. to bring empties to New Orleans to take care of its business.

The percentage of the lumber traffic of that road was very considerable.

Ibid., 199.

The cost of moving a train (with incidental expenses) of 20 cars or 400 tons of lumber from McComb City to Chicago should be $984, in the witness' understanding should be 3 mills per ton per mile. At 26 cents or $5.20 per ton the revenue would be $2,080, distance 821 miles.

Mr. Barnett knows of no other traffic in this territory, of any volume, which pays better.

Ibid., 199.

Mr. Barnett filed a table (Barnett Exhibit No. 1, pp. 682-83) giving the rates from New Orleans on the I. C., Q. & C. (N. O. & N. E.), and L. & N. to fourteen representative points, on coffee, sugar, rice, molasses, cement, salt, rosin and turpentine, lumber and tropical fruits, also the value of each item, the freight per ton per mile and the distances. Only rosin, turpentine and tropical fruits take a higher rate to Chicago and many other points.

Lumber has the lowest value of any, except salt.

He also testified that there is practically no water competition from New Orleans.

Ibid., 200.

Exhibit No. 2 (pages 684 and 685) to Mr. Barnett's testimony gives comparative rates on lumber to and from different sections, distance, rate per ton, and rate per ton per mile, from which it appears there are many rates as low or lower than those in question.

Mr. C. W. Robinson, who has been a civil engineer and now a lumber manufacturer, after testifying (Commission Record, 56) to a decline in the price of lumber following the advance, when asked if he was prepared to give his views respecting the reasonableness or unreasonableness of the advance complained of, said the railroad people were mistaken when they thought they needed any increase in rates whatever; that their reports and especially those of the older and better managed roads showed that they were earning not only a fair compensation on the

cost of their properties, but an abnormally large percentage on such cost, and that in spite of the fact that they were operating under congested conditions in that they were unable to handle the traffic they attempted to handle.

During 1902, at Meridian, the M. & O. was unable for some time, eight or ten weeks, to receive the traffic offered it. He instances the shipment of one car requiring 77 days to be taken 150 miles, due to congested conditions at Meridian.

At Jackson, Miss., the congestion was so great as almost to surpass belief, and notably so at Memphis, Tenn. Perishable freight, because of this congestion, spoiled and was paid for by the roads.

The railroad managements were shortsighted and did not provide sufficient motive power, sufficient cars, sufficient yard room at junction points, sufficient side-tracks along their lines, and sufficient terminal facilities at the great distribution centers to earn what they would have earned on the old rate if those facilities had been provided.

If they had been able to furnish the cars the business required at the old rate, their earnings would have been enormously increased. On the G. & S. I., not exceeding fifty per cent. of the cars demanded by the business was furnished.

Ibid., 57-58.

In spite of these congested conditions of these roads, enormous profits were realized in their business.

Commission Record, p. 58.

Mr. Robinson also stated that the roads were doing all that the money available would allow them to do in improving their conditions and extending their facilities to take care of business; are diverting large amounts from their current earnings, charging the same to operating expenses. As an illustration, he found from the report of the Illinois Central, from 1901 to 1905, inclusive, it had spent from its current earnings, charged to operating expenses, something over $12,000,000. Bearing on the question of congested conditions he quotes a paragraph from the 9th (June 30, 1903) Annual Reports of the Southern Railway.

> "While the increase in gross earnings is large, it could have been exceeded, if equipment, yard and shop facilities had been equal to the demands upon them, and the net results would have been much improved if the transportation had been done under normal instead of under congested conditions. It is confidently believed that with the improvements now in progress, much better operative results will be obtained."
>
> Vol. II, p. 59.

Mr. Robinson adds:

> "You had as well compare these roads, handicapped as they were, as every railroad in this country knows they were, with a prosperous, well managed road, able to take care of all its business; and then for these roads, that were thus badly mismanaged, in that they were allowed to congest, to say, because of this short-sightedness, because of the poor management, if you please, perhaps on the part of the

men who should have furnished the money, we must increase the rates in order that we may increase our net earnings, over what we have previously earned, is unjustifiable."

Ibid., p. 57.

Speaking of dividends paid by the Illinois Central in 1901-02 and 1903, as shown by its reports, Mr. Robinson stated that in 1901 it was 5 1-2 per cent., in 1902, 6 per cent., and in 1903, 6 per cent.

Ibid., p. 60.

(Note.—In 1904 and 1905 it was 7 per cent. See I. C. Reports on file.)

Mr. Robinson was familiar with the creation, organization and construction of the N. O. & N. E. road, which is 196 miles long, and his understanding is that it was built for $5,000,000 in round numbers.

Ibid., p. 62.

The Chicago, St. Louis & New Orleans R. R. Co. is held by the I. C. under a 400 year lease from 1882, and it pays 4 per cent. annually upon the stock of that corporation.

Under those leases the stock of the C., St. L. & N. O. R. R. Co., was fixed at $10,000,000.

The 4 per cent. dividend paid on this leased line stock was deducted from the earnings of the I. C. In a sense this 4 per cent. is an additional dividend on the stock capitalization of the Illinois Central.

These liberal extracts are made from the testimony of Messrs. Enochs, Gardiner, Barnett and Robinson, be-

cause they furnish, in themselves, a reply to much that is said on behalf of the railroads regarding the reasonableness of the rate involved, and tend to support the findings and conclusions of the Interstate Commerce Commission above quoted.

There was much additional testimony before the commission regarding the loading and equipment of cars; the expense attending the latter operation; the use of the cars furnished for coal southbound, etc., as well as to the matter of "tap lines."

See Butterfield, Vol. II, p. 142; H. A. Camp, p. 139; S. J. Carpenter, p. 109; J. H. Hinton, p. 127; A. H. Stevens, p. 132, and J. J. White, p. 123.

Also the annual reports of the various railroads were in evidence, confirming all statements made relating to their gross and net earnings, dividends declared, and expenditures out of receipts from operation for permanent improvements and betterments. None of these are in dispute.

Respecting the desirability of the lumber traffic, the deposition of Mr. A. S. Johnson was taken (Vol. II, p. 576), and by him it was proved that he and associates, in August, 1898, contemplated the building of a railroad from Meridian to a branch of the Illinois Central Railroad in Mississippi, and, expecting to handle lumber tonnage, they called on Harrahan (Vice-President and General Manager of the I. C.), to see what aid could be procured from his road toward the new enterprise.

In the course of this interview Mr. Harrahan was asked if his road would allow the new line an arbitrary of 6 cents per 100 lbs. on lumber. Mr. Harahan then called in Mr. Hudson, traffic manager of the company, and asked him if the company could afford to pay that arbitrary and make money out of the business. To that Mr. Harrahan replied that it could. (Note—The 13-cent rate was then in effect.)

Ibid., pp. 576, 577.

THE CHARGE OF CONSPIRACY.

Proof of the agreement or concurrence of all the roads in this advance, as found by the Commission, is disclosed in the testimony of M. P. Washburn, chairman of the Southeastern Mississippi Valley Association, then embracing all the defendants, except the Gulf & Ship Island, which has since joined.

Vol. II, 112-122.

And documents, minutes, telegrams and correspondence produced and filed by him. (688-810.)

The subject was originated by a letter dated January 2nd., 1903, from T. C. Powell, Freight Traffic Manager of the Southern, which letter reads as follows:

> "DEAR SIR—Rate Adjustment: Rates on lumber from Southern points to Ohio and Mississippi river crossings.
>
> "The rates on lumber and pig iron have generally been adjusted with relation to the price of the commodity.

"We have advanced the rates on pig iron and we are contemplating a second advance in the early part of this year, and which I believe will not be opposed by Southern furnaces. A second advance has already been made from Virginia furnaces.

"The rates on lumber, however, are still much lower than they were about twelve years ago, while we are told that the profits are quite liberal.

"The present car shortage and lack of motive power has induced shippers to say to us that they would be willing to pay higher rates if an ample supply of cars and quicker service can be maintained.

"Only three days ago a party called to see me in Washington, offering to pay an advance over the present rate if we would furnish cars to one of our connections to, or placed at, a point about forty miles from our junction. We could not supply the cars, and, in any case, I do not believe we could legally have charged more than the published rate.

"At the present time, the basing point from the south to Cairo is 7 cents less than the basing rate to Cincinnati. I believe that this differential cannot be reduced and that all lines east of the Mississippi river can afford to advance the basing rate to Cairo 2 cents per 100 pounds.

"This will advance a great many through rates to Central Freight Association territory, but will not advance the rates to Pittsburg territory, which is accessible *via* the Atlantic Seaboard, and, therefore, is subject to indirect water competition.

"Do you see any objection to advancing the basing rate in Cairo 2 cents per 100 pounds? This will make Cairo 17 (16 cents) and Cincinnati 22 cents from points on and south of a line drawn from Vicksburg, Miss., through Jackson and Meridian, Miss., Selma and Montgomery, Ala., to Savannah, Ga.

"My suggestion would be that the advance in the rate be taken up from the *pro-rating point*, inasmuch as the differentials now allowed the initial lines are quite generous.

(Signed) "T. C. POWELL,
"Freight Traffic Manager."

See also testimony of C. C. Cameron, General Freight Agent of the Illinois Central, referring to this correspondence, and with Parrott, chairman of the Southeastern Freight Association (the Georgia lines), Vol. II, 373-375.

Mr. Cameron admitted that it was generally understood that no advance would be made east of the river, unless an advance was made west.

Ibid., 375.

Much testimony was introduced by the railroads relating to the history of the rates, the rates per ton per mile; the movement of flat, open and box cars; the expense of operation, increase of and comparative rates in other territory on lumber and rates on other articles, and the value of lumber, and in relation to the conspiracy charged.

Mr. Haiden Miller, General Freight Agent of the Mobile & Ohio, which he understands is owned and controlled by the Southern Railway (Vol. II, p. 393), for instance, states that the average rate per ton per mile for lumber on the M. & O.'s own line is 6 1-2 mills and its average is only 4 mills, taking in divisions paid to connections. Comparing other rates, he gives the rate per ton per mile on bananas, 1.58 mills; on cotton, 1.54; dry goods, 2.27; walnut, mahogany and cherry lumber, 8 1-2, and

canned goods, 9.7. He does not give values, and leaves out coal, cement and the like. He admits allowances of 3 cents, 3 1-2 and 3 3-5 cents per 100 lbs. to certain shippers on his line having logging roads ten miles and less and over ten miles in length.

With reference to the use of flat cars on the Mobile & Ohio, alleged to be 65 per cent., Mr. Miller stated that rough lumber generally was shipped over his road and flat cars were required for it. His road still had more box cars available, and, as a rule, they come south loaded and it was naturally to the interest of his road to furnish flat cars for the movement of lumber.

Vol. II, pp. 384-385.

He figures his rate from Mobile to Cairo at a fraction over six mills per ton per mile average on the 14 cent rate.

Ibid., pp. 386-387.

His road allows one connection at Mobile 5 cents per 100 lbs. (386.)

Mr. L. Green, Assistant General Freight Agent of the Southern Railway, after testifying that the action of the Southern Railway respecting the advance was absolutely independent (Com. Record, 206), admits an effort to make an advance on the part of all the roads; that the meeting was held, the views of each line was ascertained, found to be in accord, and then each proceeded to make the advance.

Ibid., p. 232.

Mr. Green filed a statement showing an alleged result to the Southern Railway of the transportation of 674 carloads of yellow pine lumber by its lines to Ohio river crossings, and testified that the net to the Southern was 4 mills per ton per mile; but was not prepared to state what rate per ton per mile was paid by the shipper for the entire carriage. Thought it safe to say, however, he paid about 6 mills—was not prepared to say what division the initial carrier received.

Ibid., pp. 234-235.

He does not give the distance of the several hauls. But the cars were taken principally from Georgia, Florida and Alabama points.

Ibid., p. 235.

He agreed that the distance in that territory was greater than from Meridian or Hattiesburg to Cairo, where lumber would be taken by the M. & O., controlled by the Southern. The average distance of the Southern's line from Hattiesburg to Cairo is only 442 miles.

Ibid., p. 237.

The rate per ton per mile for this average, Mr. Green thought, was about seven mills.

He admits that while the average distance from Georgia points to Cairo is 695 miles, or one-third greater than from Mississippi by his lines, the rate is the same, the adjustment having been made to meet commercial conditions.

Yet he says the rate from Mississippi is as low, or lower, than from other sections of the country, distance and all other things considered, with specific exceptions.

Ibid., p. 238.

Mr. Green also, in support of this latter statement, produced his Exhibit No. 10 (*Ib.*, p. 903) for a comparison of rates on yellow pine lumber from South Mississippi points with rates on lumber from other sections of the United States.

Mr. Green was asked this question:

> "Do those rates apply to places where there is an actual movement, or a movement to any extent?"

And he answered:

> "They apply to points where the rates on lumber are published, and I presume they don't publish rates on lumber unless there is a movement. Certainly as to many of the points there is an actual movement."

Mr. C. B. Compton, Traffic Manager of the Louisville & Nashville (Vol. II, pp. 265 *et seq.*), testified at length, and, after the usual denial of prearrangement and concerted action regarding the advance, produced tables showing rates on pig iron from producing points in Alabama and Tennessee to Ohio river crossings and beyond (*Ib.*, p. 862.); also a table showing prices of yellow pine at, and freight rate via lines to, Chicago, years 1891 to 1902

(*Ib.*, pp. 863-865). This table shows rate in 1891 was 25 cents per 100 lbs. in box cars, and 28 cents on flat cars; same 1892 and first half of 1893; last half of 1893, 24 and 27 cents; 1894, 24 and 27 cents first quarter, and 22 and 25 cents for the rest of the year; 1895, 22 and 25 cents; 1896, 22 and 25 cents; first quarter 22 and 25 cents, and the rest of the year 22 cents irrespective of car; in 1898 and first, second and third quarters of 1899 rate 22 cents, and for the fourth quarter of 1899 it was 23 cents; in the entire years 1901 and 1902, the rate was 24 cents, and so on until the third quarter of 1903, when it became 26 cents.

Ibid., pp. 863, 964, 865.

Other tables offered by Mr. Compton show rates on fir lumber from Pacific coast points, with an average of 4.65 mills per ton per mile; from points in Michigan (white pine), with an average rate, as figured, of 7.8 mills per ton per mile; from points in Minnesota and Wisconsin, rates running from 5.0 mills per ton per mile to 8.6 with an average of 6.03 mills per ton per mile, *e. g.*, Fon du Lac to Chicago, 458 miles, rate 12 cents, rate per ton per mile 5.2. The highest rate, 8.6, being for the shortest distance, 197 miles.

Ibid., pp. 866, 867, 868.

From Ohio river crossings to Central Freight Association territory: Chicago, average rate per ton per mile, 6.55 mills, the greatest distance being 365 miles, and the rate .55 mills per ton per mile.

Detroit, Mich., average per ton per mile, 5.96. The greatest distance being 541 miles, and the rate on that, .52 mills per ton per mile.

Cleveland, Ohio, average, 6.48; greatest distance 559 miles, and the rate, .54 mills per ton per mile on a 15 cents basis.

Indianapolis, average, 9.34; greatest distance 276 miles on a rate of .65 mills per ton per mile.

Pittsburg, average, .553 mills per ton per mile; greatest distance 649 miles on an 18 cents rate, with an average of .55 mills per ton per mile.

Ibid., p. 869.

His other tables show: Prices of yellow pine lumber, of bridge material (pages 870, 871). Movement of yellow pine lumber by the L. & N., with percentage of loading. The average loading of 649 cars, box, gondolas and flats, being 69 per cent.; box and flats being the highest and "gonds" the lowest.

Ibid., p. 871.

Mr. Compton's next table professes to show the proportions accruing to the Louisville & Nashville south of the Ohio river crossings; Cairo to Cincinnati, inclusive, in division of lumber rates, from certain stations named on its line to 32 points named north of the Ohio river. The table gives the through rates; the distance to the Ohio river crossings; the rate per ton per mile and the average.

The originating points taken are, D'Olive, Eleanor, Manistee and Lookout. The lowest rate per ton per mile, out of the division of the through rate, is put at 3.82 mills, and the highset, 5.23; the average being figured at 4.81 mills per ton per mile.

Ibid., p. 872.

The average through rate to same points is put at 5.92 mills per ton per mile, and the average mileage at 903 miles. His Cairo rate from all four points named is 22 cents, or 6.31 mills per ton per mile, according to the table.

Ibid., pp. 873-874.

Another table of lumber rates and distances is given by him from points in Georgia to points in States beyond the Ohio river as far as New York, with an average mileage not figured, but an average rate per ton per mile of 6.37 mills by the short line, and rate per ton per mile to the L. & N. of 5.23 mills.

Ibid., p. 874.

Other tables of rates from points in Georgia and Florida give average by short line of 6.23 mills per ton per mile, and via L. & N. of 8.53.

And from Florida points, with an average rate of 6.21 mills per ton per mile, and 5.72 mills per ton per mile to the L. & N.

Ibid.

Another table giving distance, rate and rate per ton per mile, from two named points in Mississippi, one in

Missouri, and one in Louisiana, to thirty-eight named points in Illinois, Wisconsin, Indiana, Michigan, Ohio, Pennsylvania, New York, Kentucky and Missouri, the average mileage beig put at 885 miles and the average rate at 6.21 mills per ton per mile.

The points selected for Louisiana are, Hanson City (10 miles from New Orleans), and Kentwood, on the I. C.; Carriere, Miss., on the N. O. & N. E. (near the southern end of the line in Mississippi), and Hattiesurg, Miss. The average rate per ton per mile thus produced to Chicago, for example, is 6.07 mills. The average per ton per mile to Cairo is 6.50.

Exhibit M, Compton, pp. 875-876.

Compton, Exhibit N (C. R., p. 877), is a compilation by him of lumber rates from a named point in Arkansas, one in Louisiana, and one in Texas, to named points as far east as Buffalo and Pittsburg, producing an average of 6.59 mills, the lowest being 5.03, and the highest 8.10.

Ibid., p. 877.

Compton, Exhibit O, is a table of rates from Shreveport, La., by the T. & P., to five named points in Missouri, Kansas and Nebraska, with an average mileage of 624 miles, and an average rate of 7.37 mills per ton per mile.

Exhibit P, gives rates from Shreveport, La., to points in New Mexico and Colorado, with an average distance of 837 miles, and an average rate per ton per mile of 8.31 mills.

Ibid., p. 879.

Compton's Exhibit Q is a statement showing the proportions (regular local tariff rates) according to lines north of Ohio river crossings, Cairo to Cincinnati, inclusive, in divisions of the lumber rates; the average mileage is figured at 317 miles, the average rate, 10.9, and the average rate per ton per mile at 6.91 miles.

The rate from Cairo to Chicago, 365 miles, is put at 5.48 mills per ton per mile. To Indianapolis, 276 miles, at 5.07 mills; to Columbus, O., 457 miles, the rate is 13 cents from Cairo, or 5.69 mills per ton per mile. The average mileage from Cairo to the thirty-two points named in this table is placed at 416 miles, the average rate, 10.69 cents, and the average rate per ton per mile, 5.77 mills.

Ibid., p. 880.

(Note—The average distance from points in the central yellow pine district to Cairo is practically the same (445 miles), the rate on the 16 cent basis is 7 and a fraction mills per ton per mile, and, with the bridge arbitrary off, is 6.2 mills per ton per mile.)

Compton, Exhibit R, is a table giving rates on lumber from Michigan and Wisconsin to points named in Missouri, Kansas, Nebraska and Colorado.

The average rate from the points named to Kansas City, Mo., is 23 cents, and the average distance, 788 miles, and the average rate per ton per mile, 5.8 mills, from which figure it runs up to 5.1 mills, an average rate of 35 cents to Grand Island, Neb., with an average dis-

tance of 767 miles. The average mileage of the entire table being 808 miles, the average rate, 28.6 cents, and the average rate per ton per mile, 7.1 mills.

(Note—The movement on these rates is presumably of light white pine.)

Ibid., p. 882.

Compton, Exhibit S, gives rates on lumber from certain named points in Ohio, Indiana and Illinois, to New York. The average distance is stated at 911 miles, and the average rate per ton per mile, 5.6 mills.

(Note—The most analogous point named in the table to a shipment from McComb City to Chicago (821 miles) is from Goshen, Ind. (805 miles), from which the rate to New York is put at 24 cents or 5.9 mills per ton per mile against 6.2 from McComb City, or Laurel, to Chicago.)

Ibid., p. 883.

Compton, Exhibit U, gives a history in tabular form of the rates from named points in Georgia and Florida to Ohio river crossings, from 1888 to 1903 (C. R., p. 886), the highest rate to Cairo, for points beyond, 25 cents on box cars and 28 cents on flat cars in 1890, and the lowest 13 cents in 1897 with the flat car differential abolished.

(Note—There was little movement of yellow pine, except for structural timbers in 1890, and in 1894, when the 13 cent rate was first put in on this side, the movement had become large.)

The average rate per ton per mile is not figured on this table.

Compton, Exhibit V (p. 892), is a comparison of lumber rates from certain points in Georgia and Florida to Chicago and Indianapolis, running back to 1887, with the flat car differential, and coming down to the present time. The average of the old rate being stated at 31.5 cents to Chicago, and 28.5 to Indianapolis, and the average of the new at 27 cents to Chicago, and 26 cents to Indianapolis.

(Note—This table does not appear to have been based on Cairo, nor to relate to the territory involved in this case.)

Mr. Compton also filed a table showing movement of yellow pine lumber by the L. & N., from 1888 (2,500 cars) to 1902, inclusive (7,011 cars), and 9 months of 1903 (6,502 cars); average rate in 1888 being 32 1-2 cents; in 1895, 23 1-2 cents. Destinations not given.

Ibid., p. 896.

Compton, Exhibit Y (p. 897), purports to be a comparison of rates from points on L. & N. stations, south of Montgomery, Southeastern Territory, Mississippi and Louisiana and Arkansas to 39 points of destination on and north of the Ohio river and on the east of the Mississippi river.

(Note—While the rates shown on this table are in some instances higher from Arkansas than from other points,

it will be observed that the rate to Cairo (beyond) the basing point is the same in all.)

Mr. Compton was asked what was the lowest rate per ton per mile he, as a traffic man, would consider it safe to accept for the transportation of any commodity over his road, and replied that he did not believe he could answer the question.

Asked what he had to say of Mr. Barnett's statement that he had been taught that 3 mills per ton per mile would cover operating expenses, etc., he replied as follows: "Well, I suppose he felt justified in making that statement. I am not competent to make a statement on the matter at all."

Ibid., p. 313.

Having stated that the average received by the L. & N. for its proportion of the through rate on yellow pine lumber to points north of the Ohio river was 4.81 mills per ton per mile, Mr. Compton was asked to say if he should take the average earnings on its transportation in the aggregate, whether he could give the rate per ton per mile, and replied that he had no such average. That he could not give the average rate per ton per mile on all the business, and did not think it would be possible to work up a statement that would show that.

Ibid., p. 311.

Mr. Compton gave the rate from Alabama points to Chicago between August 5, 1899, and July 16, 1893, at

25 cents on box cars and 28 cents on flat cars, and figured the average rate then in force, from such points to Chicago, at 26 1-2 cents per hundred pounds.

He produced that result by adding 25 and 28 and dividing by 2.

The claim was that the existing rate was still less than the rate then in effect (1889).

Mr. Commissioner Prouty exposed the fallacy of his calculation, to establish this average, when he inquired of Mr. Compton what the average would have been if only 10 or 15 per cent. of the movement had been in flat cars.

Ibid., 272, 273 and 274.

Mr. Steele, general freight agent of the N. O. & N. E., Alabama & Vicksburg, and V., S. & P., after saying he was familiar with the lumber traffic on those lines, was asked whether the lumber handled by them was or not as profitable as the average of other business handled by them, and made this answer:

"It does not yield as much per ton per mile as the other business handled;" thus leaving unanswered the essential part of the question.

Vol. II., p. 415.

Mr. C. C. Cameron, (chairman of the meeting of the Southeastern Mississippi Valley Association, held in St. Louis, and assistant general freight agent of the Illinois Central), was asked whether he or the representatives of

the other roads knew when the Arkansas roads came into line on this advance, that substantially the rate quoted from Arkansas was not the rate represented by the published tariff of those roads, owing to the tap line divisions allowed the owners of logging roads on their lines.

He replied as follows:

> "I do not understand that the published tariff rates were not collected; in fact, I understood to the contrary, that they were and are collected. I knew indirectly of the tap line divisions in a general way, *not specifically as to what they were with the different mills.*" (Italics mine.)
>
> *Ibid.*, p. 377.

He added that the Illinois Central had not allowed tap lines, and has been opposed to the idea of allowing them.

The Illinois Central collects the same freight on lumber from the Arkansas roads as that received by the roads on this side, that is to say, its full local.

Ibid., p. 378.

Mr. Cameron also testified (*Ibid.*, p. 476) that the rates of the Illinois Central on this lumber, and all other traffic, are made by its officers exclusively.

This in answer to a question reading: "Are the rates charged by the Illinois Central railroad on this lumber made by its own officers, or made by agreement with competing lines?"

Yet, on page 693, will be found this correspondence by wire between this witness, who was chairman of the St.

Louis meeting, and S. F. Parrott, of Atlanta, chairman of the Southeastern Freight Association (the Georgia roads and including the Southern and L. & N.):

"ATLANTA, GA., February 3, 1903.

"C. C. CAMERON,

"Louisville, Ky.:

"Referring to telegram this date, following traffic officials here to-day, Winburn, Emerson, Capps, Niel and Cutter, suggest revised lumber rates be made effective March 1st. Was any date named in St. Louis announcements on which revised lumber rates would be made effective?

(Signed) "S. F. PARROTT."

"ATLANTA, GA., February 3, 1903.

"C. C. CAMERON,

"Louisville, Ky.:

"Your wire yesterday, B2. Were announcements made at St. Louis meeting, January 30th, by initial lines in this territory? In other words, will it be necessary for lumber originating lines in this territory to discuss or interchange views regarding matter? Will communicate the information promptly to members.

(Signed) "S. F. PARROTT."

"LOUISVILLE, KY., February 3, 1903.

"S. F. PARROTT,

"Atlanta, Ga.:

"Your two wires to-day regarding advance in lumber rates. Action of St. Louis meeting, taken in connection with meetings previously held at St. Augustine and New Orleans, was final, and unnecessary for you to submit matter to your members for further expression of their views. My wire yesterday should have stated that March 1st was fixed as the

date new rates would be made effective, and will be obliged if you will communicate this to your members promptly. (B2.)

(Signed) "C. C. CAMERON."

And this telegram:

"FEBRUARY 9, 1903.

"L. SEVIER,

"*Birmingham, Ala.:*

"Your letter 7th, file A. At meeting Southern Hotel, St. Louis, January 30th, *understanding was reached* that rate to all points east of the Mississippi River, north of Ohio River and west of Western termini trunk lines would be made on lowest combination. This had specific reference to Mount Vernon, Michigan City and Detroit, which points are to be advanced to combination basis.

(Signed) "C. C. CAMERON."

Mr. T. F. Steele (general freight agent of the N. O. & N. E., A. & &V., and V., S. & P), in rebuttal of complainant's testimony that the freight rate on lumber about equaled its value at the mills, testified that it would depend on the destination and on the character of the lumber. Would say the average would be a little less than the value.

In reply to the question how the rates on lumber charged on his roads compared with the average rates per ton per mile on coal and pig-iron, he replied that "the average rates on lumber are in some cases higher, but on the average they are lower than the rates on other commodities." (Vol. II., p. 417.)

In support of this statement he produced a table of comparisons. *(Ib.,* pp. 928, 929.) But, in respect to lumber, he only gives the proportion accruing to one of his roads (the V., S. & P.) on lumber destined to Ohio River points and beyond originating on Tremont & Gulf Road, without any showing of distance or rate per ton per mile.

His Exhibit No. 1 gives rate on rosin to Chicago from points on the N. O. & N. E. at 25 cents per hundred pounds, and the rate per ton per mile, 6.1 mills.

His rate on lumber to Chicago is 26 cents from points on the N. O. & N. E.

Rosin was then worth about $13.50 per ton, while lumber was worth $6 rough, or $8 per ton dried. (Barnett, p. 682.)

The rate on turpentine to Chicago is 9.7 mills per ton per mile, but turpentine was worth $49.95 per ton.

Ibid., p. 682.

His rate per ton per mile on coal runs from 3.6 mills per ton per mile up to 8.8 mills, depending upon destination. His average on coal is 6.8 mills per ton per mile, but was as low as 3.6. What is the average on the actual tonnage is not stated.

Ibid., p. 929.

His rate per ton per mile on pig-iron runs from .6 mills up to 12, according to destination. Rate per ton per mile on cottonseed meal runs from 6.8 mills to 18.1, according to distance. The usual freight appears to be $2 per ton; only from two points given is it higher—viz., Vicksburg, $3.80, and Hattiesburg, $3.00.

(NOTE—Cottonseed meal was then worth some $24 per ton, according to market reports.)

(NOTE—Nothing is said of the extent of the movement of the commodities mentioned other than lumber.)

Mr. Steele produced a statement showing the movement of lumber over the N. O. & N. E. for ten months in 1902, 10,489 cars, and for the same period in 1903, 10,636 cars, destined to Central Freight Association territory; and a decline for the same period over the A. & V. Railway, 1,552 cars to 1,144. Mr. Steele said not exceeding thirty per cent. of the lumber originating on his lines moved in flat cars.

Ib., p. 420.

Mr. Steele also stated that the advance was made by his lines independently, and not under agreement with other lines.

Vol. II., p. 419.

Yet, while his assistant general freight agent (Mr. Grant), who represented his lines, withheld the "views" of the N. O. & N. E. at the St. Louis meeting, January 30, 1903, Mr. Steele himself made haste to send the following telegram, dated New Orleans, February 2, 1903:

"C. C. CAMERON,

"Louisville, Ky.:

"Our line will agree to advance two cents hundred pounds on lumber to Ohio River crossings, leaving questions of divisions to be considered afterwards by executive officers. Wire soon as possible if advance will positively be made by all lines, and what date effective."

This followed a telegram from Mr. Grant, dated New Orleans, February 1, 1903, as follows:

"C. C. CAMERON,

"Louisville:

"Cannot advise to-day regard advance in lumber rates. Mr. Steele will confer with president and advise you to-morrow."

Washburn's Exhibits, Vol. II., p. 691.

The N. O. & N. E. gives the most of the lumber originating on its own line to the M. & O. at Meridian, because most of it moves via Cairo. Its own average haul is eighty-five miles, and out of the division of the through rate it gets from the M. & O. six cents per hundred pounds, and from the Southern, or A. G. S., it gets five cents.

Out of the through rate paid on lumber delivered to the N. O. & N. E. by initial roads it gets three cents.

And on lumber turned over to it by the G. & S. I. at Laurel and Lumberton (but only switched by the latter road), it pays five cents per hundred pounds.

Ibid., pp. 419, 420.

The Vicksburg, Shreveport & Pacific, one of the roads of which Mr. Steele is general freight agent, makes a "tap line" allowance to mills on its line of three cents per hundred pounds on lumber which it sends north.

Ibid., p. 421.

The N. O. & N. E. had been very short of cars for two years.

C. R., p. 422.

As to Tap Line Allowances.

Tap line divisions were in effect several times on the N. O. & N. E.

Steele, Vol. II., p. 423.

Asked if he was aware of what influence was brought to bear to take them out, Mr. Steele answered:

> "The question came up repeatedly. I do not know that I can give you all the facts. I have a memorandum here showing when tap lines were put in, and when taken out, several times. Each time they were put in there was more or less correspondence and objection from lines that did not allow the tap-line proportion. They stated that they did not think the tap-line proportion should be allowed; some of them thought it would be better to reduce the rate. The tap-line proportions were made effective June 28, 1897; withdrawn March 1, 1898; put in again April 15, 1898; withdrawn June 1, 1899; put in again November 15, 1900; withdrawn October 1, 1901."

(Note—During the several periods mentioned, except the last, the 13-cent rate to Cairo was in effect, and during the last period the 14-cent rate was in effect.)

Mr. Steele stated that the situation of the lumbermen on his line (the N. O. & N. E.) was substantially similar to that of the lumbermen on the Illinois Central in respect to logging appliances, etc., and that the Illinois Central was one of the lines that objected to his tap-line allowance.

The Illinois Central insisted that, unless the practice were discontinued, it did not see how it would be possible

for it to stand the pressure from the mills on its line to reduce their rates.

Ibid., p. 423.

While Mr. Jones, auditor of the New Orleans and Northeastern Railroad Company, testified to an increase in the amount of wages and rate of wages paid by his road, and increase in the cost of material used, he admitted the increases in its earnings, as follows: In 1900, $139,000; in 1901, $90,000; in 1902, $193,000; and in 1903, $253,000 (that is, years ending June 30th).

That, while the capitalization of that road 196 miles in length, is represented by $5,000,000 of bonds and $5,000,000 of stock, it was built by the people, who continued to own it, for the stock and bonds.

Mr. Jones could not say whether or not, if the bonds and stock had been converted into cash at par, the road would have cost that much; but he gave its value for assessment, under oath, at $10,000 a mile.

That road had recently been ballasted, and the cost charged to operating expenses.

Mr. Jones gave in the A. & V. for assessment at $9,000 a mile. That road paid one dividend in 1903 of six per cent., and another of three per cent.

The N. O. & N. E. declared its first dividend in 1903.

Jones. Vol. II., pp. 424-438.

Mr. John F. Wallace, then general manager of the Illinois Central, testified, *inter alia,* that his road had, within the five years ending June 30, 1903, expended for addi-

tions and betterments on the system the sum of $81,482,426, of which $63,668,787 was provided for out of capital account, and $17,806,039 was defrayed from income.

Vol. II., p. 343.

Asked by Mr. Commissioner Prouty if the Illinois Central kept its accounts in such a way he could tell how much per mile, net, the road earned on its main line south of Cairo, the last year, Mr. Wallace said:

> "No, they are not kept that way; that is, not that particular part of the line. You know, the Illinois Central is made up of a great many small lines, and bookkeeping became so laborious to keep these different lines separately that, of late years, there has been a tendency to consolidate our accounts and operate our road in as large units of territory as possible."
>
> *Ibid.*, p. 334.

(Note—Mr. Ben C. Foutz testified that he was the bookkeeper of what are known as the subsidiary lines of the Illinois Central, including the Chicago, St. Louis & New Orleans Railway Co., and he corrected a number of statements made by Mr. Wallace. Vol. II, pp. 440-443.)

Memo.: The total capitalization of the Chicago, St. Louis & New Orleans Railway Co. (I. C. leased lines south of the Ohio River) is $28,000,000, made up of $10,000,000 stock and funded debt of $18,000,000.

Foutz, p. 443; Fish, Vol. II, p. 450.

Its net earnings for the year ending June 30, 1903, were $5,569,609, or $4,051 per mile on a total mileage of 1,374.71.

Ibid., p. 524, and statistics filed.

Mr. Wallace also stated that, in leasing the C., St. L. & N. O. Ry. Co. for 400 years, the I. C. guaranteed 4 per cent. on its $10,000,000 of stock, and assumed the payment of, in round numbers, $16,000,000, and up to June 30, 1903, the Illinois Central had spent $16,273,669 on this property.

Ibid., p. 321.

So he says that makes a total cost to the I. C. of $42,507,669.

Ibid., p. 321.

(Note—Under the terms of the lease the I. C. is entitled to retain possession of the road after the expiration of the term until all advances are repaid; but must maintain the road.)

Mr. Wallace in reply to the question how reductions in rates had been theretofore made by railroad companies in their operation, said:

> "By various means and methods; first, by increased density of traffic, which, of course, has a tendency, in a way, to take care of reductions in rates, on account of an increased volume of business, as you may be able to do part of it at less cost; second, by increase in train-loads. This latter is brought about by locomotives of larger capacity, by the double-heading of trains, by the reduction of grades, and by cars of greater capacity, enabling a greater tonnage to be gotten in the cars; and third, by refunding matured bonds at lower rates of interest than the old bonds. These have been the methods used in the past to counteract the reductions *that had been constantly going on in rates.*" (Italics by this writer.)
>
> Vol. II, p. 328.

(NOTE—The Illinois Central Railroad had made all the improvements and done all the things mentioned by Mr. Wallace in response to the question, "how rates were reduced." Only he makes it appear that it was to counteract the effect of reductions constantly going on of themselves.)

Mr. Wallace then stated that the operating expenses had increased out of proportion to the increase in gross earnings, whereupon this colloquy ensued between himself and Mr. Commissioner Prouty:

> Mr. Prouty: "I would like to know what he means by out of proportion.
>
> Mr. Wallace: "I mean this, Mr. Commissioner: For instance, suppose that in one year the proportion of operating expenses to the gross earnings was 65 per cent. and the next year that would be 67 per cent., and the next year 70, and the next year 72, I would consider that the operating expenses are increased out of proportion to the gross receipts."
>
> Mr. Prouty: "Even though your net earnings continue to increase all the time?"
>
> Mr. Wallace: "Even though the net earnings continue to increase all the time, but a little later I expect to give you some figures in regard to showing that the net earnings have decreased, although we have had a very large—you might say, enormous—increase in gross earnings."
>
> *Ibid.*, p. 328.

(NOTE—No figures were produced by Mr. Wallace to show a decrease in net earnings for any whole year, but Mr. Fish, president of the Illinois Central, produced a table of figures showing the gross and net earnings of

the road for the years 1883 to 1903, both inclusive, from which it appears that there had been a constant increase from 1897 on to 1903. In 1897, when the mileage operated was 3,130, the net earnings from operation were $6,375,053; in 1898, $8,662,350; in 1902, $12,806,690, and in 1903, $13,488,121, and other income, $3,461,148.

In 1897, 5 per cent. dividends were paid, and in 1901, 1902 and 1903, 6 per cent. were paid.

Ibid., p. 812; Fish, 3.

MEM.—In 1905, 7 per cent. dividends were paid and net earnings from operation were $14,396,943.39. And, in the year 1903, $4,981,253 were paid out of income for permanent improvements, etc.

Ibid., p. 812.

Mr. Wallace testified to the increases in the cost of material and supplies and wages of employees, and said they were not buying any more cars because they apprehended a checking of the business prosperity of the country.

Ibid., p. 30.

Asked by Mr. Prouty if his apprehensions would furnish a reason for reducing or advancing rates, Mr. Wallace replied:

> "That is a reason why we should endeavor to maintain rates as they are until we know what the conditions are going to be when that state of affairs is reached. If our business falls off, as we expect it to do, and we are not able to reduce our expenses, why, it would be a reason for very strongly maintaining present rates."

Mr. Commissioner Prouty then made the remark and put the question which follows to this witness:

> "As I understand it, these rates have been advanced in the last four or five years because you have had more business, and because the country has been prosperous, and now you say that, if you have less business, and there is no such prosperity throughout the country, you want to still further advance your rates?"

65

Mr. Wallace essayed to answer this by alleging an approximate increase in two years, in amount paid for labor, of some $2,000,000, due to negotiations with labor organizations; that his company was persuaded it would have great difficulty in reducing those wages when business should fall off and to that extent at least when business falls off they would be handicapped; that during the years of prosperity they had been hounded by their customers and clients to increase their equipment in order to take care of the increased business and furnish needed facilities; that they had spent money for new equipment, for additional tracks, additional warehouses, and facilities of all kinds and if business falls off and they don't have the traffic, they must still earn the interest on the cost of the additional facilities with a less volume of business.

Ibid., pp. 330-331.

(Note—Exhibit 3 to President Fish's testimony shows constant gains in business; in gross and net earnings.)

Ibid., p. 812.

And the testimony of Mr. Bowes, assistant general freight agent, and the report of the Illinois Central for the year ending June 30, 1905, on file, show still greater gains since Mr. Fish testified.

Bowles, Vol. I, p. 22.

Mr. Wallace also stated that the Illinois Central was not buying cars that year because they apprehended a checking of the then business prosperity of the country.

Vol. II, p. 330.

(Note—President Fish said his road was furnishing cars and engines as fast as they could get the money for them.)

Ibid., p. 462.

ORGANIZATION OF THE C., ST. L. & N. O. RY. CO.

In 1872 the Illinois Central contracted to buy bonds of the N. O., J. & G. N. R. R. and of the Mississippi Central R. R., the proceeds to be used in extending the Mississippi Central from Jackson, Tenn., through Kentucky, about 106 miles to a connection by ferry with the I. C., at Cairo. These roads had passed under the control of the Southern Railroad Association lessees.

The N. O., J. & G. N. extended from New Orleans to Canton, 206 miles, and the Mississippi Central from Canton to Jackson, Tenn., 241 miles. The extension would make a line of 557 miles, including a branch of fourteen miles.

The I. C. bought $5,000,000 of those 7 per cent. bonds, default was made in the interest. The N. O., J. & G. N.

was sold at a foreclosure sale March 17, 1877, for $1,050,000, leaving a deficiency on its bonds of $2,913,236.06. The Mississippi Central was sold at judicial sale, August 23, 1877, for $425,000, leaving a deficiency on its mortgage bonds of $3,995,374.40. The deficiency on the two sets of bonds was $6,908,610.46, and the I. C. held about two-thirds of the bonds.

The purchasing committee, representing the bondholders, under an agreement dated November 7, 1877, organized the Chicago, St. Louis & New Orleans R. R. Co., with a capital stock of $10,000,000

1st mortgage 7 per cent. bonds..$13,000,000

2nd mortgage 6 per cent. bonds.. 8,000,000 21,000,000

Total stocks and bonds $31,000,000

In 1881 a new mortgage for $18,000,000 was made at 5 per cent. to replace the $21,000,000.

On June 13, 1882, the Chicago, St. Louis & New Orleans Co. leased its railroad to the Illinois Central for 400 years, and shortly thereafter the Illinois Central made a dividend of 17 per cent. upon its then capital stock of $29,000,000, and distributed $4,930,000 of the C., St. L. & N. O. R. R. Co. stock, this stock then being worth only $75 a share. At that price Mr. Fish says the dividend amounted to only $3,697,500 and, therefore, did not reimburse the I. C. what it had lost prior to 1877 through the default of 1874 on the bonds of the two debtor roads.

Then the M. & T. R. R. Co., 100 miles, Memphis to

Grenada, was consolidated with the C., St. L. & N. O., the latter issuing therefor $3,500,000 of 4 per cent. bonds, guaranteed by the I. C., retiring $2,200,000 of 8 per cent. mortgage bonds of the first and providing for betterments.

Fish, Vol. II, pp. 450-51-52.

The Chicago, St. Louis & New Orleans Railroad Company now owns the lines from New Orleans to Cairo, 553 miles, Grenada to Memphis, 100 miles; the [illegible] & O. S. W., from Memphis to Louisville, with a number of branch lines.

Ibid., p. 454.

Asked how the Illinois Central got the stock of the C., St. L. & N. O., Mr. Fish said:

> "In the reorganization of the Chicago, St. Louis & New Orleans Railroad Company for the payment, I think, of $20. I will not swear positively to that; and for the unsatisfied deficiency on our bonds, which we held, we were entitled to it. We had judgment in there, well we had $5,000,000 of bonds, and we had a little more in deficiency in there. * * * Then they waited five years longer, in which the earnings of the road were put into the property, and no interest paid on the bonds that the Illinois Central took in 1877. The abstention from dividends putting the road in order and making a railroad of it," etc.
>
> *Ibid.,* p. 457.

Mr. Fish, as did Mr. Wallace, testified that their new engines were not giving satisfaction, but said that ultimately they would not be a failure. His company fur-

nished in 1889, 1,203,982,725 units of transportation and in 1902, 5,631,975,[illegible], although he said neither the gross nor net earnings had increased in proportion.

Ibid., p. 402.

Mr. Fish, admitting an increase of $144,498 in net earnings for the five months ending November 30, 1903, over the corresponding period of 1902, said the same were wiped out in December and, with the bad weather in January (1904), thought there would be a still further loss.

(Note—His net receipts above expense of operation and taxes for the year ending June 30, 1902, were $12,806,690 and for the year ending June 30, 1903, the same were $13,488,121. And the ratio of expense to gross earnings in the latter year was 66.03; only a trifle above that of 1901 and less than in 1897.

(Fish Exhibit 3, *Ibid.*, p. 812.)

For the year ending June 30, 1905, the net receipts were $14,396,943.39.

(Illinois Central Annual Report on file.)

According to Exhibit "G" produced by Mr. Bowes (*Ibid.*, p. 853) the net receipts from operation of the Illinois Central south of the Ohio River, that is to say, the Chicago, St. Louis and New Orleans Railroad Company, for the year ending June 30, 1903, were $5,549,321.97 as compared with $5,027,330.23 for the previous year.

The net earnings, after deducting taxes, were $4,051 per mile and after deducting interest on funded debt and leased line certificates, rentals of leased lines and stated dividends of $442,255.82, a surplus remained of $2,688,413.28, applicable to dividends or such purposes as the Illinois Central should elect.

Exhibit G, *Ibid.*, p. 854.

The capital stock of this line (south of the Ohio) is stated to be $10,000,000, so that, if the surplus were applied to dividends on the same, the rate would be something over 26 1-2 per cent.

Fish, Foutz and Wallace, *supra.*

(Note—So far as the Illinois Central System is concerned, the advance effective April 15, 1903, was put on for the benefit of this line. The rate on its line north of the Ohio River remained the same as from September, 1899.)

It will be observed further from Bowes' Exhibit G (Vol. II, p. 854) that the net earnings of the Chicago, St. Louis & New Orleans road for the year ended June 30, 1902, were $5,027,568.58; for the year ended June 30, 1903, there was an increase in net earnings from operation of $521,753.39, notwithstanding an increase in the expense of operation amounting to $1,142,220.61.

And while Mr. Fish shows (*Ibid.*, p. 812) that the expense of operation of the entire system (north and south) for the year ended June 30, 1903, was 66.03 per

cent. of the gross receipts; the percentage for the Southern lines was 65.53.

Mr. Bowes also produced a table (*Ibid.*, p. 853) showing the earnings of the I. C. on lumber coming from the G. & S. I. to Columbus, O., via Evansville and Louisville, 3.69 and 3.02 mills; same to Indianapolis, via Evansville and Louisville, 4.47 mills and 3.36.

From McComb City (I. C.'s. own line) to Columbus, via Louisville 4.75 mills, and via Evansville, 5.56, etc., but the combined lines of the G. & S. I. and the I. C. earns to East Cairo 6.18 mills.

(Note—The G. & S. I. under its ten-year contract gets 7 cents per 100 pounds on the average eighty-mile haul.)

Mr. A. M. Searles, the civil engineer who examined the Gulf & Ship Island Railroad and its equipment, having testified that its main line and equipment, shops, tanks, etc., could be duplicated for $12,000 per mile and its branches for $9,000 per mile. (Vol. II, p. 519),

Mr. J. T. Jones, of Buffalo, N. Y., president of the Gulf & Ship Island, testified that the statement of Mr. Searles was false and foolish, and that as near as he could figure out the actual cost of the main line between Jackson and Gulfport, including shops, equipment and appurtenances, depots, harbor, channel, pier and the approaches and terminals and elsewhere, worth much more than cost, which was $. . . . . ; that the total cost of the two branches (Laurel and Columbia), the cost of the charter, the cleaning up and clearing of records of all

outstanding obligations; paying off the outstanding bonds and stock, including attorney's fees, and commissions and other costs up to date is about $10,500,000, as near as he could get at it, including all equipment, rolling stock, pier, channel and anchorage basin.

Mr. Jones says that when he took charge in 1895 and 1896 the road was in the hands of a receiver; that it had twenty miles in operation that cost the present owners $600,000; that there were four hundred or five hundred thousand dollars of bonds outstanding and the road owed the State $40,000 for convict labor in grading.

Vol. II, pp. 587-88-89.

R. Morgan, superintendent, testified to the good condition of the road and Mr. Vail testified that it would cost in the aggregate $8,491,200 to duplicate the entire property.

Ibid., pp. 590-595.

(Note—(*a*) Col. Stewart, former receiver of the Gulf & Ship Island Railroad Company, testified that as such receiver he contracted for the building and equipping of the line from Gulfport to Hattiesburg, about seventy-eight miles, for $600,000. Same had been partly graded by convict labor, but washed up and out of shape.

Vol. 1, p. 380.

(*b*) Mr. Gardiner testified that Eastman, Gardiner & Co. sold the completed portion of the Laurel Branch to the G. & S. I. R. R. Co. for $160,000 (twenty miles) or about $8,000 per mile, reserving logging rights, and that

same was as good as any other part of the line; that same cost his company about $6,000 a mile to build.

Vol. I, p. 385.

(*c*) *N. G. Scott* testified that he had the contract to build the road-bed, culverts, etc., and to lay the track on the Laurel Branch from the Eastman, Gardiner & Co. terminal to Saratoga, the railroad company or construction company to furnish rails and ties, and that he finished all except three or four miles and the entire amount of his bill was $64,337.44.

Ibid., p. 371.

That if he had laid the track on to Saratoga, his bill would have been $3,000 or $4,000 more. Second-hand forty and sixty-pound rail was used. Mr. Scott filed his contract in evidence. Mr. Scott was also interested in the building of the Columbia Branch, same description of contract, and thinks the amount to be paid was about $140,000.

Mr. Vail figured cost of duplicating main line and equipment (190 miles?) exclusive of the pier, harbor and channel at $32,615 per mile.

Vol. II, p. 576.

(*d*) The record in the receivership of the Gulf & Ship Island has been lost.

Vol. I, p. 416.

(*e*) No construction contracts can be produced by the president (Jones) or auditor (Gee) of the Gulf & Ship

Island road. Depositions of Jones and Gee filed date of hearing.

Vol. I, pp. 469 and 479.

(*f*) While Gee, auditor, testified that the cost of the road and equipment as shown by the books of that company on June 30, 1903, was $10,139,075.50, and that there were 251 miles in operation, he was unable to say how the money was raised or paid. He could not say nor did his books show what was realized for the $5,000,000 stock of the company.

Vol. I, pp. 187 and 199.

He said that while the stock stood as a charge he did not know whether any particular sum of money was produced from its issue.

And asked how he knew the road cost $10,139,075.50 ($40,394.00 per mile), except from the circumstance that the outstanding stock and bonds represented that amount, he said the company got its consulting engineer to make the divisions for the purpose of its report to the Interstate Commerce Commission and that he (the engineer) went on his knowledge of what it cost to build the road, although he did not build it. That was an estimate.

> "We used his division, say, for rails and bridges and such as that, and the slight difference, I can't remember what it was, we put into general expenses so as to have that and the report to the Interstate Commerce Commission agree."

Vol. I, pp. 201 and 202.

Mem.: Mr. Vail had stated the mileage of this road at 190 miles main line and eighty-nine miles of branch road, in all 279 miles, and figured that it would cost $8,491,200 to reproduce the whole.

Mr. Gee was examined as a witness after the present suit was begun, and after the Interstate Commerce Commission had declared that excessive divisions to initial carriers would not justify the advance in the through rate paid by the shipper.

Mr. Gee said the net earnings of the G. & S. I. R. R. Co. for the year ending June 30, 1903, were $657,078.42 ($2,617.84 per mile), which he said would pay 6 per cent. per annum interest on $43,631 per mile, and that, if the 2 cents advance were cut off the revenues of the road, it would pay 6 per cent. interest on a valuation of $30,350.49 per mile.

Vol. I, pp. 187 and 191.

(Note—The Gulf & Ship Island Railroad Company has made Gulfport a free port, charging the ships entering and clearing and using its docks and other facilities nothing.)

Gee, Vol. I, p. 203.

Mr. Hale, second vice-president of the Gulf & Ship Island explained how the trunk lines were justified in allowing the divisions to his road, by stating that his was a new road, built into the pine woods and having four or five railroads competing for its business; that they (the G. & S. I.) could not expect to build up the

country with settlers and industries as fast as the timber was cut off; that the trunk lines were justified in making this allowance out of the through rate because it was competition business; that their lines were completed, the organization established with the expenses of the different departments going on and they could take on this additional business at a very much less rate per ton per mile than otherwise.

Hale, Vol. I, 213-214.

(Note—The annual reports of the G. & S. I. on file show that agriculture and industries of various kinds are springing up rapidly as the timber is cut away and furnish profitable business to the road.)

Before the Gulf & Ship Island road was finished to Jackson (and sold its tonnage to the highest bidder, Bowes, Vol. I, p. 145) its rail connections allowed it 3 to 4 cents out of the through rate to Central Freight Association territory.

Hale, *Ibid.*, p. 215.

The line was completed to Jackson, in July, 1900, while the Cairo rate was 14 cents, and then the Illinois Central made the ten-year contract to allow it 7 cents for the average eighty-mile haul.

Ibid., p. 89.

The G. & S. I. receives 7 cents out of the through rate on lumber from Laurel to Jackson, which Mr. Hale says is about ninety miles, and 7 cents to Gulfport, 152 miles.

Ibid., pp. 230-231.

In February, 1906, the depositions of F. B. Bowes, Haiden Miller, C. B. Compton, L. Green and T. F. Steele, traffic men of the Illinois Central, the Mobile & Ohio, the Louisville & Nashville, the Southern and the Queen & Crescent system were taken with reference to changed circumstances, since the last testimony was taken before the Commission, as affecting the reasonableness of the rates on lumber, made effective April 15, 1903.

Ibid., pp. 129-348.

Mr. Bowes, of the I. C., testified to an advance of 15 per cent. on lumber, 3 per cent. on locomotives, 14 per cent. on box cars, 27 per cent. on coal cars and 25 per cent. on flat cars, 10 per cent. on coal, and 8 per cent. in labor. That the total effect of these advances was to increase the operating expenses of the Illinois Central approximately 10 per cent. (over 1903).

Ibid., pp. 131-132.

(Note—The net earnings from operation of the Illinois Central above operating expenses and taxes in 1903 were: $12,488,121 against $12,806,690 in 1902, in spite of lack of cars and congestion of traffic, and $11,058,668 in 1904. So that for the year ending June 30, 1903, there was an increase in net earnings from operation over 1901 of more than 22 per cent., while the proportion of operation expenses to gross receipts only increased from 65.72 per cent. in 1901 to 66.03 in 1903.)

Fish, Exhibit 3, Vol. II, p. 812.

In the year ending June 30, 1905, its net revenue from operation, after deducting taxes, was $14,396,943.89. (I. C. An. Report on file, page 1.)

The dividends paid stockholders of this company have risen from 5 per cent. in 1900 to 7 per cent. in 1905.

Fish, Exhibit 3, *Ibid.*, p. 812.
I. C. An. Report, 1905, Vol. I, pp. 436-437.

Mr. Bowes also testified that the advance of 2 cents on lumber was the separate and independent action of the Illinois Central and not the result of any contract, agreement, combination or conspiracy between that company and other lines. (*Ibid.*, p. 133.) Yet he admitted attending the conference of the traffic men, representing the various roads east of the Mississippi River, held at New Orleans, January, 1903, when men, representing the various roads east of the Mississippi river and members or representatives of the so-called east side lines, and their views were given as to the idea of an advance, and that "as a result of that discussion, the individual members or representatives of the so-called east-side lines stated that nothing could be done, of course, without or until the Arkansas lines gave their views as to whether it was desirable or not, and the meeting adjourned with that result."

Vol. I, p. 136.

(Note—In respect to what was accomplished at the St. Louis meeting immediately following the meeting at New Orleans, see Washburn's Exhibits.)

Vol. II, pp. 188-811.

Mr. Bowes also stated that the average rate per ton per mile on all traffic of the I. C. in 1903 was 5.91 mills per ton; in 1904, 6.07 mills, and in 1905, 5.87 mills, attributing the reduction in 1905 to excess of coal traffic, which bears less than 4 mills.

Ibid., pp. 140-141.

He stated that the Interstate Commerce Commission was in error in saying that the average rate per ton per mile on lumber charged by the Illinois Central was above its average on all traffic.

(Note—Mr. Haiden Miller, traffic manager of the Mobile & Ohio, testified that he had no knowledge of so great an allowance being made to an originating line as that of the I. C. to the G. & S. I.)

Ibid., p. 158.

Mr. Bowes filed a statement showing the movement of yellow pine through Cairo (and Mounds) *via* the I. C. from Alabama, Florida, Georgia, East Louisiana and Mississippi for the years 1904 and 1905, showing an increase in 1905 of 5,441 cars.

"TAP LINES."

This question was put to Mr. Bowes:

"The Illinois Central never recognized any claims such as are known as 'tap lines' demands, did it, until lately?"

And he answered: "Not until the first of this month" (February, 1906) and added:

> "It is our aim not to make it uniform 2 cents, but to pay less than 2 cents when the road is a short one, as against some of the larger lines."
>
> *Ibid.*, p. 146.

Mr. Haiden Miller testified to a movement of yellow pine lumber via Mobile & Ohio Railroad to Ohio River points beyond, as follows:

1902 .....528,167 tons.
1903 .....531,211 tons.
1904 .....462,408 tons.
1905 .....537,118 tons.

Ibid., p. 153.

Saying it was claimed the Presidential election had something to do with the slack orders for car material in 1904.

He also testified to the improvement in the demand and prices for lumber.

Had no information in detail as to increase in the expense of operation, only a general understanding that same had increased.

Ibid., p. 154.

His understanding is that the gross and net earnings of the M. & O. have increased since 1903.

Ibid., pp. 156-157.

Annual reports are filed showing the increase.

The M. & O. allows a tap line division to logging roads not exceeding 3½ cents per 100 pounds.

Ibid., pp. 158-159.

There has been a continuous increase in the traffic handled by the M. & O. during the last three years.

Ibid., p. 161.

Asked if lumber had not always been considered a low class traffic, and if it ought not to be so on general traffic principles, Mr. Miller said it had been a low class traffic as compared to some other articles; compared to some other things there is very little risk in handling it; it is an all the year traffic; moves in either box or open cars.

Ibid., p. 162.

For some years the M. & O. has been trying to work its car capacity up to 60,000 lbs. capacity; locomotives heavier.

Ibid., pp. 162-163.

"Q. The purpose being, of course, to cheapen the expense of transportation, hasn't it been?

A. Well, it has been to give a greater tonnage moving power."

With reference to trouble testified to, in the Meridian yard of the M. & O. (1902), Mr. Miller said that had been overcome by putting in new tracks and extending the yards.

Ibid., p. 163.

In 1902-03 business increased materially.

Ibid., p. 164.

Mr. Miller, over complainant's objection, read a telegram from his general manager to the effect that there had been an advance in the price of material used in maintaining and operating railroads amounting to probably 40 per cent, which would increase the cost of operation about 10 per cent.

Miller, *Ibid.*, p. 165.

Personally the witness knew nothing about it.

Mr. C. B. Compton, traffic manager of the Louisville and Nashville, upon his examination, February 8-9, 1906, was asked by defendant's counsel to state

> "what changes, if any, have occurred since the last testimony was taken in this case, before the Commission, in the circumstances and conditions affecting the reasonableness of the rates on lumber made effective April 15, 1903, from points in Mississippi, Louisiana, east of the Mississippi River, and Western Alabama, to Ohio River points and beyond."

To which he answered as follows:

> "Improved market conditions, and demand for lumber. Locomotive works and car manufactories cannot supply the demand upon them. Business conditions have generally improved, and continue to improve, and the end is not in sight. In so far as the prosperity of the lumbermen is affected by the general prosperity they have no cause of complaint, and have great cause for satisfaction.
>
> "The car supply of the Louisville & Nashville Railroad has been taxed to its utmost. This is true with respect to lumber shipments, as well as of commodi-

ties in general, although we are now furnishing to lumber shippers on our line more cars than we were called on to furnish in previous years, yet the supply is inadequate, and no transportation man could possibly have anticipated and been ready for the emergency which has occurred.

"By reason of shortage of cars the Louisville & Nashville Railroad has considered that its first duty was to the mill men upon its own line, and it has discontinued the sending of cars off its own line for loading at mills on foreign roads. The car shortage has been practically continuous since the Presidential election, and still continues, notwithstanding we have substantially increased our rolling stock."

Vol. I, p. 167.

Mr. Compton also said the advance of 2 cents was made by the L. & N. separately and independently; that he, as traffic manager, handled it personally.

Ibid., p. 169.

Recalled no correspondence with Mr. Washburn about bringing his road into line (page 57). Attended the St. Augustine meeting (*Ibid.*, p. 183), where they simply talked about the matter. Handled the lumber question himself and does not think the Louisville & Nashville was represented at the St. Louis meeting. Not sure whether he attended the New Orleans meeting or not.

Ibid., p. 183.

(Note—The minutes of the Southeastern Mississippi Valley Association produced by M. P. Washburn, chairman, has the following entry of proceedings of the meet-

ing of interested lines held at the Southern Hotel, St. Louis, Mo., January 30, 1903):

> "The following lines were represented: Illinois Central Railroad, C. C. Cameron, R. M. Rhett, W. L. Smith, J. Hatendorf; K. C. M. & B. R. R., A. S. Dodge, L. & N. R. R., D. M. Goodwyn; Southern Railway, MvClung," etc.
>
> Vol. II, p. 695.

Mr. Compton produced statements showing lumber prices at Montgomery, Ala., and Nashville, Tenn., for the months of October, 1901, 1902-03-04 and 1905. These show advances at Montgomery running from 50 cents to $4 per 1,000 feet in certain kinds of lumber. As for car lumber, lumber for bridges, trestles, etc. (railroad material), six classes underwent no change in the five years; five increased $2 per 1,000; three increased $1 per 1,000; one, $1.50 per 1,000, and one increased $3 per 1,000.

Ibid., pp. 287-308.

The advance in price at Nashville is greater on the average, but the table does not specify car or other railroad material.

Mr. Compton testified that since February, 1904, his company had built and bough mtaterial for about 8,000 freight cars and that the increased cost of those cars, by reason of the increased prices of lumber over those prevailing in February, 1904, has been not less than $400,000 (equal to $50 per car).

Vol. I, p. 172.

(Note—(*a*) In giving a statement showing comparative advance in the prices of lumber for cars at Montgomery, 1903-04-05, five kinds of lumber are given, the average advance upon which, from October, 1903, to June, 1905, was $1.80 per 1,000 fett, and an extra list is given for gondola sills, on which the advance stated is $1.50 per 1,000 feet.

Ibid., pp. 291-292.

(*b*) As a thirty-six-foot box car contains only 5282 feet of lumber (Enochs, Vol. I, pp. 411-412), the average advance in the prices shown by Mr. Compton in the Montgomery market—viz., $1.80 per 1,000 feet—would have added not exceeding $9 per car instead of $50, thus reducing Mr. Compton's figures from $400,000 to $76,000, if all 8,000 were box cars.

(*c*) Mr. Compton did not say how his freight cars were divided, how many box cars, how many gondola or coal cars, or how many flat cars. A gondola or coal car contains only 3,247 feet of lumber, and a flat car only 2,326 feet.

Ibid., p. 412.

(*d*) Montgomery is not a lumber-producing point, and the prices given by Mr. Compton are not manufacturers' prices.

Ibid., p. 397.

Nashville is entirely above the yellow pine belt.

Powell's Letter, *supra*.

(*e*) Manufacturers' prices are not given by Compton. Butterfield shows cost of lumber to his company in 1904 was $12.92 per 1,000 and selling price, $12.54, and in 1905 cost was $13.53 and selling price, $15.08. Eastman, Gardiner & Co.'s selling average price in 1904 was $10.64, and cost $10.37, and in 1905 their average selling price was $13.57 and the cost, $11.44.

Ibid., pp. 407-410.

Butterfield in 1905 sold a very large percentage of high grade flooring and ceiling for the New England and Boston market; its manufacture costing much more, that brought its average higher.

Ibid., p. 383.

Compton produced tables showing movement of lumber via the L. & N. to Ohio River crossings and beyond. 1903, 9,199 cars; 1904, 9,170 cars, and in 1905, 12,835 cars.

Ibid., pp. 309-310.

Also tables to show comparison of lumber prices and freight rates in Chicago market, the rate being from Group 1, Southern Railway in Georgia, from 1891 to 1905, both inclusive.

Ibid., pp. 311-321.

(Note—From the table it appears that the rate to Chicago was 24 cents per 100 lbs. from the beginning of the fourth quarter of 1891 to the end of the first quarter of 1894, when it was reduced to 22 cents, and so remained until the end of the third quarter of 1899, when it was

raised to 23 cents (September 8, 1899), then from the first quarter of 1900 (inclusive) to the third quarter of 1903 it was 24 cents to Chicago.)

Mr. Compton also filed an exhibit showing prices for yellow pine lumber sills, intermediate and large, paid by the L. & N. from January, 1900, to December, 1905, by quarters. Same shows an advance in price of intermediate sills from December, 1903, to September, 1905, of $1 per 1,000 feet, and for large sills, same period, an advance of $2. Then, from September, 1905, to December, 1905, there is an advance of $1 on intermediate and $2 on large sills.

Ibid., p. 322.

(Note—Mr. Compton stated that his company uses about 4,000,000 feet of these grades annually and about 4,000,000 of all kinds (*Ibid.*, p. 45), and allowing an increase of $2 as an average for this lumber from February, 1904, on 4,000,000 feet the amount would be $8,000 per annum increase, and allowing $2 (which is above average shown) for the advance on other company's material, the remaining 3,600,000 could only have been increased, say, $72,000 per annum. Reference is here meant to statement of Compton that the increased cost of lumber had increased the cost of the 8,000 cars built by his company since February, 1904 (the date of the hearing by the Commission), not less than $400,000.)

Vol. I, pp. 171-172.

Mr. Compton stated that the average advance in lumber in 1905 over 1903 was about 10 per cent.

Ibid, p. 173.

(Note—The present demand bringing up prices quoted for 1905 is an abnormal one and temporary. Enochs, Vol. I, pp. 406-407.)

IMPROVEMENTS IN EARNINGS OF THE L. & N. R. R. Co.

The capacity and ability of the Louisville & Nashville to handle traffic has improved since 1902. It is better to-day (February, 1906) than in previous years.

It was a common complaint throughout the Southern country in 1902, there was such an enormous traffic that, with the facilities the railroads had, they had great difficulty in taking care of it.

Ibid., p. 175.

And the constant effort has been since that time to make the facilities equal to the demand upon them.

Ibid.

He also stated that during the panic of 1893 the rates were reduced substantially on lumber, and he felt that when times got better it was reasonable to restore the rates that had been previously in effect. "That was what the advance amounted to."

(Note—Compton Exhibit No. 4, Vol. I, p. 211, shows the rate to Chicago from the fourth quarter of 1891, throughout 1892 and 1893, and first quarter of 1894, was 24 cents per 100 pounds, when it was reduced to 22 cents, and so remained until the fourth quarter 1899.)

Asked, if, in old times, when the highest rate prevailed (25 cents in box and 28 cents in flat cars, same exhibit), operating conditions were not much more unfavorable to railroads than in 1903, Mr. Compton made this answer:

> "Well, I can take the operating expenses of our company to-day as compared with the gross-earnings, and they are greater than before. Everything entering into cost of transportation has substantially increased in price."
>
> "Q. Still the railroad, as a whole, has increased its earnings constantly for a great many years?
>
> A. Yes; our condition, with respect to gross earnings, has improved.
>
> Q. And net earnings, also, have they not, in amount?
>
> A. I think it perfectly fair to say that our condition is better to-day than before, but, notwithstanding that fact, operating expenses have substantially increased.
>
> Q. The increase in net results has been due, of course, to the increase in the volume of traffic?
>
> A. In the volume of traffic; yes, sir."
>
> Vol. I, pp. 181-182.

Respecting Cost and Earnings of Gulf & Ship Island Railroad.

While, as shown above, no witness could give figures showing how the Gulf & Ship Island actually cost the amount of its capitalization in stock and bonds ($10,139,075,50, or $40,394.72 per mile; Gee, Vol. I, p. 194), its net earnings in 1903 were $657,078.42, equal to 6 per cent. on

$43,631 per mile of its entire road, main line and branches. Mr. Gee, its auditor, stated that, if it should lose 2 cents per 100 pounds from its present division with the I. C., its net earnings of 1903 would still pay 6 per cent. interest on $30,350.49.

Ibid., p. 191.

(Note—(*a*) Not only did the engineer, Mr. Searles, say the main line and equipment could be duplicated for $12,000 a mile, and the branches for $9,000 a mile; not only did Mr. Gardiner testify that twenty miles of the Laurel branch cost his company about $6,000 a mile and sold it for $8,000 a mile; but Mr. Hale, its vice-president, admitted that a large portion of the main line was laid with second-hand rails, and that the main line has a heavier rail, and its cuts are wider.)

Ibid., p. 222.

(*b*) The deposition of Mr. Gee filed the day of the hearing, and exhibit annexed to interrogations, show present prosperity of that road.

Asked if he could furnish a statement showing amount of money realized by the G. & S. I. from stock sales, or subscriptions, or from its land agent, Mr. Gee, its auditor since March 1, 1902 (*Ibid.*, p. 199), said that would be very hard to get at; did not know that he could get it up; that prior to his taking charge of the accounting department, its accounts were not well kept; that it is almost impossible to get details.

Ibid., p. 204.

Mr. Hale stated that prior to the completion of that road to Jackson, which was in the year 1900, the G. & S. I. received 3 to 4 cents out of its through rate from its connections (the N. O. & N. E. at Hattiesburg, and the L. & N. at Gulfport).

Ibid., p. 223.

Its rate to Gulfport at present is 4 to 7 cents, according to distance, for lumber destined for coastwise or export shipment; present average 5½ to 6 cents.

Ibid., p. 217.

The Gulf & Ship Island has no steamship or ship connections.

Ibid., p. 226.

The Illinois Central agreed to make the divisions with the Gulf & Ship Island (7 cents to Central Freight Association territory and 6 per cent. beyond Pittsburg) if the latter would extend its line to Jackson instead of to some other point.

Hale, *Ibid.*, p. 228.

The Gulf & Ship Island takes lumber from the M., J. & K. to Jackson for 3 cents.

Hale, *Ibid.*, p. 236.

The G. & S. I., about 1901, made a "tap line" allowance of 2 cents to Eastman, Gardiner & Co. and the Newman Lumber Company, on lumber manufactured at junction points.

Ibid., pp. 236-237.

The movement of lumber via the G. & S. I. for points on and north of the Ohio River, was, in 1902, 22,799 cars; 1903, 22,441 cars; 1904, 15,850 cars; in 1905, 21,118 cars.

Mr. L. Green, assistant traffic manager of the Southern Railway, when asked concerning changed conditions affecting the reasonableness of the lumber rate advance since February 15-19, 1904, said that, prior to April 15, 1903, there had been great activity in the lumber market, prices high and demand strong; the railroads being heavy purchasers, and the demand in the building trade also good; that condition lasted until the last half of 1903, when the railroad had retired from the market for cars; the decline was also due to other depressing conditions; probably owing to the approaching Presidential election and its uncertainty, and the stringency in the money market. These conditions continued through the first half of 1904. The mills reduced their output one-third July 1, 1904. There was a reduction in price in February, 1904, lower than since March, 1901. The advance began in August, 1904. And he filed a statement giving a comparison of lumber prices, January, 1904, February, 1904, August, 1904, and February, 1906. Says: "An edge grain flooring, January, 1904, was $29 per 1,000; February, 1904, $26, and February, 1906, $35.50."

Ibid., pp. 245-246.

Green, Exhibit I, same, p. 323.

Prices are at points north of the Ohio River.

He said the advance was the result of consideration given the lumber traffic in December, 1902, and January, 1903 (meaning the supposed prosperity of the manufacturers).

Ibid., p. 247.

(Note—See letter of Powell, *supra.*)

Mr. Green also filed an exhibit of prices of lumber at points on and north of the Ohio River compiled from the American Lumberman, showing advances since February, 1904.

Exhibit 6, *Ibid.*, p. 332.
Green, Exhibit 2, *Ibid.*, pp. 324-325.

February is selected as the beginning instead of January, 1904, when prices were higher.

Green also filed an Exhibit No. 4, giving a comparison of prices between February, 1898, at points on and north of the Ohio River, and February, 1906, showing advances. Also, a statement of lumber dealers' prices in Atlanta, Ga., October, 1902-03-04, and to June, 1905.

(Note—(*a*) None of the prices given in any of the statements appear to be manufacturers' prices. While advances on and north of the Ohio River run from $5.25 to $22 per thousand since 1898, and from February, 1904, an average of $6.08 and $9.50 on certain grades the average of the advance on seven varieties in the Atlanta market is only $2.64 per thousand, the advances being $2.50 and under, except on one class.)

Ibid., p. 332.

(*b*) The edge-grain flooring selected by Mr. Green, showing an advance of $14.50 per thousand does not exceed 2 per cent. of the product to the manufacturer. To get at the general average of the low grade product, consideration would have to be given to the differences in grades and values.

(*c*) The Exhibit 2 shows advances since February, 1904. In 1904, prices ruled lower than at any time since the controversy began.

(*d*) All four exhibits give prices at points of delivery and the price at point of delivery is a composite price governed by rate, manufacturers' price and in the retail trade there is also the retailers' local cost.

(*e*) Unless the whole product of manufacture is taken, and the price on all of it, it is impracticable to determine the ratio of increase of price to the manufacturer.

Enochs, *Ibid.*, pp. 398, 400.

(*f*) The average cost and selling prices per 1000 of the Pearl River Lumber Company, one of the largest producers on the I. C. R. R., for the years 1902, 1903, 1904 and 1905, were: 1902, cost, $10.14, selling price $12.55, difference, $2.10; 1903, cost, $10.22, selling, $11.93, difference, $1.71; 1904, cost, $11.03, selling, $11.68, difference, 65 cents; 1905, cost, $11.43, selling, $13.69; difference, $2.26.

Ibid., p. 399.

Mr. Green states (*Ibid.*, p. 250) that the average price of pine lumber purchased by the Southern Railway in

1904, July to December (the time of the depression following 1902-03) was $12.83 per 1000, and for the corresponding period in 1905 was $16.52, an increase of $3.69 per 1000 feet.

(Note—The Montgomery prices furnished by Mr. Compton [for the years 1904 and 1905] show advances on car lumber as follows:

Flooring, $1 per 1000; siding, $1; sideboards, 10x36, no advance; sideboards, 12x36, $1; box car sills, $1; gondola sills, $1.50; bridge lumber, guide rails, $1; stringers, no advance. Lumber for trestles, guide rails, no advance; stringers, no advance; bolsters, $1; taps, 14x12, no advance; taps, 12x12, 50 cents; legs, 12x12, 50 cents; bracing, no advance; sills, no advance.

The months taken by Mr. Compton of each year are October and June, respectively.

The figures given by the producers, *supra,* show no such advance as Mr. Green's tables indicate.

THE SOUTHERN RAILWAY—WHAT IT IS AND ITS PROSPERITY.

The Southern Railway for the year ended June 30, 1903, operated an average of 7,129.39 miles; its gross earnings were $42,354,060, and its net earnings were $11,364,920.

For the year ended June 30, 1904, its average mileage was 7,164.39; gross earnings, $48,145,108, and net earnings $11,994,310.

For the year ended June 30, 1905 (mileage, 7,198.99), its gross earnings were $48,145,108; net earnings, $13,062,593.

Showing an increase in net earnings in two years of $1,697,673.

Green, *Ibid.*, pp. 257-258.

The Southern Railway, since June, 1905, has ordered 11,000 cars; since 1902 it has improved its service, increased its equipment and motive power.

Owing to the enormous amount of business offered in 1902 there was congestion and great difficulty in handling it.

(Note—The Southern Railway appears to have instigated and initiated the advance complained of.)

Powell's letter to Hudson, *supra.*

No part of the Southern Railway was built for the purpose for which it is now being used. It was all built originally as local lines; it is a big aggregation of short lines not intended for the public demand now made.

Its prospective growing and increasing business has justified or necessitated its recent enlarged equipment in the way of cars.

Ibid., p. 259.

The Southern has 813.30 miles under long lease, and has 461.97 miles of trackage rights.

It leases, among others, for ninety-nine years, the North Carolina Railroad, 224 miles, and the Atlanta & Charlotte Air Line.

Ibid., pp. 261-262.

The Southern also owns or controls the Mobile & Ohio, with lines from Montgomery and Mobile, Ala., via Cairo, to St. Louis. A railroad which makes a tap line allowance to certain of its large shippers, having logging roads, running as high as 3½ cents per 100 pounds.

Haiden Miller, *supra.*

Sixty per cent. of the lumber originating on the New Orleans & Northeastern and Alabama & Vicksburg moves from Meridian, Miss., by the Mobile & Ohio.

Steele, Ibid., p. 263.

But these roads do not share in the advance of 2 cents on lumber moving via the Mobile & Ohio.

Ibid., pp. 263-264.

THE NEW ORLEANS & NORTHEASTERN AND A. & V.

Mr. Steele, general freight agent of these lines, testified in February of 1906.

He gave the movement of lumber via the N. O. & N. E. for 1902-03-04 and 1905, as follows: 1902, 12,443 cars; 1903, 12,428; 1904, 9,910; 1905, 12,987, and by the A. & V., 1706, 1329, 1074 and 1063 cars.

Hattiesburg (taken as a representative point on the N. O. & N. E.) to Cairo is 443 miles, so that under the

present rate of 16 cents, the rate per ton per mile, via the N. O. & N. E. and M. & O., is a fraction above 7 mills.

Steele (defendant), *Ibid.*, p. 265.

(Note—When Barnett was general freight agent of the N. O. & N. E., the 13-cent rate was considered reasonable. The average rate per ton per mile on all freight of the N. O. & N. E. is 8 3/10 mills per ton per mile. On lumber its average haul is eighty-five miles, and its average rate per ton per mile is 14 mills on the 6 cent division.

Robinson, Vol. II, p. 557.

At various times, from 1897 to 1901 (the 13 and 14 cent periods) the New Orleans & Northeastern made an allowance out of the through rate to the various logging roads on its lines. It was discontinued for many reasons; among others, complaints from smaller lines than ten miles. The Illinois Central and other lines objected to it. The allowance was 2 cents per 100 pounds.

Vol. I, p. 279, 282.

The N. O. & N. E. showed only deficits until 1897-98, and the largest surplus it shows was in the year 1902-1903, the year of the advance.

Steele (defendant), *Ibid.*, p. 268.)

He understands "surplus" to mean the amount over and above the road's fixed charges and dividends paid on the stock.

Ibid., p. —.

(Note—The New Orleans & Northeastern and A. & V. do not participate in the advance made, although concurring, but publish the through rate showing same.)

Ibid., p. 264.

BRIDGE ARBITRARY.

An arbitrary rate of 2 cents per 100 pounds is charged in the through rate on all lumber crossing the Ohio River at Cairo. The bridge is the property of the Chicago, St. Louis & New Orleans Railroad Company, for whose benefit the advance was made, so far as the I. C. is concerned.

Bowes, Vol. II, p. 495.

The legal autonomy of the C., St. L. & N. O. R. R. Co. is preserved throughout the 400 years' lease, but it is operated by the Illinois Central. The report of the latter for the year ending June 30, 1903, gave its own stock at $95,040,000 and funded debt at $112,969,525 and the funded debt of the C. St. L. & N. O. at $16,234,000, total funded debt, $125,203,525.

Ibid., p. 508.

It is stated that in the acquisition of the Chesapeake, Ohio & Southwestern an additional mortgage was placed on the Southern line.

Ibid., p. 507.

On the hearing at Washington, Mr. Gardiner produced and filed a comprehensive statement of lumber rates into central traffic territory, and elsewhere in the country,

from the published tariffs of the various railroads, showing rates per ton per mile distance, etc.

Ibid., pp. 523; Exhibit, pp. 660-677.

This exhibit shows three rates at 3 to 3½ mills per ton per mile; nine at 3½ to 4 mills; twenty-three at 4 to 4½; sixty-seven at 4½ to 5; eighty-six from 5 to 5½; sixty-eight from 5½ to 6; fifty-one from 6 to 6½; forty-seven from 6 to 6½; thirty-three from 7 to 7½; twenty from 7½ to 8, and fifteen from 8 to 8½ mills.

(Note—The rate of the I. C. to East Cairo from McComb City, a representative point, is 6.02 mills per ton per mile—that is to say, with the bridge arbitrary off.)

The same is true of the combination rate of the I. C. and Gulf & Ship Island for the same average distance, although the proportion of the latter is excessive, considering time and distance.

Bowes, *Ibid.*, pp. 565-566.

The Mobile & Ohio Railroad pays the Illinois Central an annual rental of $100,000 for use of the Cairo bridge. The I. C. leases the bridge from the C., St. L. & N. O. for $180,000 a year.

Ibid, p. 567.

C. W. Robinson testified that, in 1898, Mr. Hudson, general traffic manager of the Illinois Central, stated to Mr. Harrahan, its vice-president, in his presence, that the Illinois Central was then allowing 7 cents on lumber from the line of the Northeastern and the Alabama & Vicks-

burg at Jackson. Mr. Robinson was then asking for an arbitrary of 6 cents on a line he and others proposed to build from Meridian to Ackerman, a station on the Aberdeen branch of the I. C., and when asked by Mr. Harrahan, if the difference in the through rate, less the arbitrary, would yield the I. C. a profitable business, Mr. Hudson unhestitatingly said: "Yes, sir; it would give a profitable business."

Ibid., p. 555, confirming A. S. Johnston, *supra*.

The mileage of the Illinois Central, since 1894, has increased 48.60 per cent. The engine or locomotive increase up to 1902 was 60 per cent. The increase in tons of revenue freight carried was 354 per cent. The increase in passenger service was 232 per cent.

Ibid., p. 550.

The Illinois Central for the years 1898 to 1903, inclusive, expended for permanent improvements from income, $18,729,321. In 1903 the amount being $4,981,263.

Ibid., pp. 534 and 639.

The price of coal in 1903 was less than in 1893.

Ibid., p. 550.

Under the 14-cent rate, from March 17 to April 14, 1903, the Fernwood Lumber Company shipped, via the Illinois Central to Chicago, twenty cars of lumber. The combined capacity of the cars was 1,490,000 pounds, or an average of 27.23 tons. The loading was 1,524,300 pounds an average of 102 per cent. of capacity. The rate

to Chicago was 24 cents and the freight paid on the twenty cars was $3,658.26. The average revenue per car was $182.91.

Enochs, Vol. II, p. 283, exhibit, p. 625.

The cause of the decreasing increase in earnings (congestion of traffic) in 1902 is shown by the movement of fifty cars of lumber shipped from Fernwood, Miss., in December, 1902, by the I. C., the average mileage per day being 22.07 miles.

Exhibit 14, Vol. II, p. 622.

The loading of these cars was 86.08 per cent. of capacity.

The statistics show that the advance made in wages in the ten-year period (to and including 1902) do not reach the condition of wages in 1892.

Enochs, *Ibid.*, p. 530.

Movement of Empty Cars.

The statistical report of the Interstate Commerce Commission, produced at the hearing before the Commission, showed that the movement of empties on railroads north and south of the Ohio River, Group 6 and Group 5, was about balanced, 306,633,833 north, and 345,548,964 south.

An illustration of the handling of lumber by the I. C. and connections is given by Mr. Enochs on a shipment of twenty-five cars to Niagara Falls. The total miles for all on the I. C., was 19,082; on the Erie Railroad, 5,051, and on the Michigan Central, 8,500. The daily average

on the I. C. was 49 miles; on the Erie 47 and on the M. C. 340; and the daily earnings on the I. C. were $7.11, on the Erie $5.08, and on the Michigan Central $32.56.

Vol. II, pp. 536, 537, 623.

The freight portion on those twenty-five cars was $4,138.57 and the mill portion $4,171.56.

Ibid., p. 623.

On the shipment of twenty cars of lumber from Fernwood to Chicago, March 17, 1903 (under the 24-cent rate; 14 to Cairo) the freight was $3,743.65. The 16-cent rate would have added $15.23 per car, making the total freight on the twenty cars, $5,478.30. The average loading was 102 per cent. of the stenciled capacity of the cars.

Enochs, Vol. II, p. 537.

Cypress singles show a loading of 67.75 per cent.; sash weights 63.38 per cent.; cement 63.32 per cent.; lime 44.32 per cent.; fertilizer 66.79 per cent.; coal (four cars) 82.11 per cent, the minimum allowance, per car, of 100,000 pounds capacity being 72,000 pounds.

On live stock to St. Louis, rate is $75 per car and the loading 37.9 per cent.

Earnings per car, double loads, of lumber were $94.18 against $75 per car for live stock. The loading of the seven cars of lumber in this comparison, was three cars, 74 per cent.; two cars, 76.41 per cent., and two cars 75.25 per cent.

The average loading of cotton shipped from Jackson, Miss., to points in Central Traffic Territory, October,

1901, 1902 and 1903, was 40.23 per cent. of the car capacity, or 12.60 tons per car. In the comparison with lumber the average rate on cotton (1903) was 51.9 cents per 100 pounds and on lumber 29.65, so that a car of lumber loaded to 22.05 tons or 44,100 pounds earns as much as the maximum freight on cotton loaded as above, with danger of destruction favorable to lumber.

Enochs, *Ibid.*, pp. 439-540, and exhibits.

In respect to defendant's claim that they were getting back to the old rates instead of making advances, Mr. Enochs produced tariffs showing that the recent advance made rates to various points 3 cents higher than in 1889.

Enochs, *Ibid.*, p. 542.

Mr. Enochs also explained the local distance tariff of the Illinois Central Railroad and showed that its extension, with the principle of increases north of the Ohio River, would carry lumber from the Mississippi and Louisiana territory, on its line to Chicago, on a rate of 22½ cents per hundred pounds as against the combination rate, south and north, of 16 and 10 cents., making 26 cents.

Ibid., p. 543.

The Louisville & Nashville R. R.

As shown above, Mr. Compton, traffic manager of the Louisville & Nashville, admitted continuous improvement in gross and net earnings since 1903, the year of the advance.

The following amount of improvements were charged to operating expenses by that road during the six years next preceding and including 1903:

In 1888-9, $517,784.59; in 1899, $1,231,276.86; in 1900, $1,021,843.06; in 1901, $1,474,502.72; in 1902, $1,487,279, and in 1903, $2,000,203.63, aggregating, in the six years, $7,732,877.

Vol. II, p. 544.

Its percentage of expense to earnings in 1901-02 was 68.06, and in 1902-03 (the year of the advance) same was reduced to 67.62. Its net earnings per mile had increased from $2,948.77 in 1901-02 to $3,337.83 per mile in 1902-03.

Ibid., pp. 543-544.

In 1902-03, after paying its dividends, it had a surplus of $3,211,047.74.

Ibid., pp. 543-544.

The report of the L. & N. for 1904-05 shows still greater earnings.

PER TON PER MILE OF THE L. & N.

Mr. Enochs' attention was called to the exhibit filed by Mr. Compton, showing the proportions of the freight accruing to the L. & N. south of the Ohio River to Central Traffic territory. He (Mr. Enochs) stated that D'Olive (the point selected by Mr. Compton for an average on the Montgomery and Mobile division) does not appear

in the report, time table or the guide of the L. & N., but is right down near Mobile, at the extreme end of the division which it represents for mileage.

Elleanor, selected for the A. & F. division, is the farthest station on the end of the division.

Neither of these points is properly taken to figure the per ton per mile on. The mean distance between Montgomery and Mobile, ninety miles, should have been taken as representative.

Manistee, another point, is not in any guide, but was found by Mr. Enochs to be on the Ripton & Montgomery road.

Lookout, the point selected by Mr. Compton for the Mobile & N. O. division, is about thirty miles out of New Orleans, in a marsh, and does not originate lumber shipments.

Speaking further of Mr. Compton's tables, Mr. Enochs says the points selected are in no sense representative, and that as to the Mobile & New Orleans division no part of it is representative as to western shipments.

Another feature:

> "He takes Cairo, Evansville, Louisville and Cincinnati. He reaches Cairo over his own rails, and it looks as though it were put there to average up long distance. His exhibit was not fair, because he put in the M. & N. O. division on which there is no lumber (movement to C. F. A. territory), and leaves out his division north of Montgomery where there is a considerable movement. It is but fair that the nearest mileage basing territory should be consid-

ered when you consider the proposition in relation to the west side. The Arkansas distances are not against this side."

Vol. II, pp. 545-546.

Again, Mr. Compton did not include in his estimates the lumber going to such places as Louisville and Cincinnati, a large movement.

Mr. Compton in reaching his average rate of 5.23 mills per ton mile takes the average distance to be 710 miles, whereas Mr. Enochs states that should be 110 miles less, which would bring the earnings above 6 mills. He gives his reasons.

Ibid., p. 547.

Referring to Mr. Compton's tables showing average rate per ton per mile from points in Alabama, Mississippi and Louisiana to points in the North, Northwest and Northeast, Mr. Enochs explains its unfairness by showing that Carriere, a point selected on the N. O. & N. E., is on the extreme of the lumber-producing district; Yellow Pine on the M. & O., in Alabama, is not representative for the same reason; Kentwood, taken on the I. C., is below the mean of the pine belt; Hanson City, another point, is not in the yellow pine belt at all.

Ibid., p. 548.

L. Green's Comparative Rate.

Referring to Exhibit No. 9, produced by Mr. Green of the Southern Railway, purporting to give a comparison of rates on yellow pine lumber from South Mississippi

points with rates on hemlock, spruce and white pine from northern points, Mr. Enochs showed that it was not fairly representative; that half the number of points selected were in North Carolina; the points of destination were "one line" points. That he selected places (for destination) like Parkersburg, W. Va., in the hardwood producing section to which there would be no movement between the points selected. Again, the points of origin selected are in a very meagre section of production. Some of the points are in no mercantile directory, and it has been ascertained, as to points of origin and destination, there is no movement.

That the same proposition applies to points of destination from the west. He (Green) selected places of minimum value as to inhabitants and business, and as to points in Montana, some of the points, there is no movement from the Pacific coast; they use native pine. Hence, Mr. Enochs assumes that Mr. Green's tables were not representative of the lumber movement.

Enochs, Vol. II, p. 549, *et seq.*

(Note—A rate without a movement is what is known as a "paper rate.")

RATE PER TON PER MILE UNDER THE 14-CENT RATE ACCRUING TO THE N. O. & N. E. AND THE MOBILE & OHIO.

The average haul of the N. O. & N. E. is eighty-five miles, its proportion of the through rate to Cairo was 6 cents per 100 lbs., or about 14 mills per ton per mile. Its

average on all freight handled in 1902 was 8.02 mills per ton per mile.

In 1902 the average rate per ton per mile of the Mobile & Ohio on all freight was a fraction under 6 mills.

Taking Waynesboro as a basis, a fair average for the lumber haul by the M. & O., the distance to Cairo is 410 miles. Under the 14-cent rate it received 6.83 mills per ton per mile; to St. Louis, 6.37 mills on the former 18-cent rate.

The advance rate complained of gives the Mobile & Ohio, 7.8 mills per ton per mile, for its average haul to St. Louis, and 7.1 mills to Cairo.

(Note—The Illinois Central receives less than 6 mills per ton per mile from Cairo to Chicago.)

Vol. II, p. 557.

Mr. Robinson stated that there has been no movement of lumber to the west from the Mobile and New Orleans Division of the L. & N. R. R., except what it received from the G. & S. I. R. R.

Ibid., p. 558.

(Note—The L. & N. no longer receives lumber from that road.)

Mr. Bowes, of the I. C., figured the average rate per ton per mile on lumber received by the Illinois Central, from its own stations, from the Gulf & Ship Island Railroad and the A. & V., counting through Cairo, at 5.02 mills (*Ibid.*, p. 559), but got that average by taking the mileage on the I. C. from McComb City (which produced

6.02 mills per ton per mile), then the mileage from Jackson, on business from the G. & S. I., yielding to the I. C. 3.85 mills per ton per mile, and to the G. & S. I. (say 17 mills), as each constituted about one-half of the total, he added the two together (10.05), then divided by 2, producing, as the result, 5.02 mills.

Mr. Bowes added that a considerable part of that lumber went by way of Evansville and Louisville, which reduced the rate per ton per mile, as he thought, to about 4½ mills, although the rate to those upper crossings is higher. But, when lumber is destined for points north of the Ohio River, the rate is made by combination on Cairo.

Ibid., pp. 563-564.

THE G. & S. I. DIVISION OF THROUGH RATES.

In answer to the suggestion of defendant's counsel, that the intermediate roads were compelled to give these divisions, Mr. Gardiner said:

> "It has been brought out here in a number of ways that the G. & S. I. was receiving 4 cents per hundred before it built to Jackson; when it built to Jackson it got 7 cents by voluntary agreement on the part of the I. C. That has forced the Mobile & Ohio and Alabama Great Southern and the Cincinnati Southern to increase the division south of Meridian on lumber that comes from the G. & S. I., so it (the G. & S. I.) gets substantially the same whichever way the lumber moves, whether through Meridian or Jackson—that is, competition between the railroads for this business—and has given the originating line

an undue proortion of the rate, which reduces, to the intermediate lines, the amount of the revenue they get, and they are dissatisfied with that, and have advanced the rate on lumber.

"There is a large movement south by the G. & S. I. from Hattiesburg and from the Columbia branch, at 4 and 4½ cents."

Ibid., p. 572.

ILLINOIS CENTRAL REDUCTIONS, TAP LINE ALLOWANCE.

Complainant's Testimony, Since Suit Was Filed to Enforce Commission's Order.

After Messrs. Bowes, Gee, Compton, Hale and Steele had testified as above in February, 1906, complainant examined Messrs. T. J. Stewart and Nathaniel G. Scott, who testified to cost of portions of the Gulf & Ship Island Railroad, as noted above. (Vol. I, pp. 379, 390.) And Messrs. Butterfield and Gardiner, who testified to average cost and selling price of lumber (*Ibid.*, pp. 383-384); Mr. Gardiner also testifying, as noted, to cost of one-half of the Laurel branch of the G. & S. I., as noted above. Also, Mr. C. W. Robinson, who testified that the Illinois Central Railroad Company issued a tariff, effective March 27, 1905—B 12,013, I. C. C. 3153—on cross-ties, from the central yellow pine territory, to points beyond the Ohio River. The rate applied to sawed and planed cross-ties, and was 26 cents per tie over the main line of the I. C., between Lagon, La., and Pearl Miss., covering substantially, the yellow pine territory on the Illinois

Central Railroad. By this tariff, agents were instructed to bill the ties as weighing 165 pounds per tie, which would make the rate to Chicago about 17½ cents per 100 pounds, as against 26 cents per 100 pounds, the regular tariff rate prior to its issuance.

The average weight of cross-ties is 140 pounds.

The witness and other manufacturers had been figuring on a contract for about 400 carloads of these ties for the Southside Elevated Railway Company, Chicago, calculating the freight rate at 26 cents per 100 pounds, before this new tariff was put on.

The ties were from the line of the I. C., as Mr. Robinson understands.

That tariff was superseded almost immediately by another "C. 12013, I. C. C. 3171," naming the same rate per tie, but to be billed as weighing 130 pounds instead of 165 pounds, which raised the rate to Chicago to 20 cents a hundred. Cross-ties do not differ from any other lumber.

Ibid., pp. 387, 388, 389.

Copies of these two tariffs have been filed as part of testimony noted.

Ibid., pp. 418-419.

Tap Lines.

Mr. Enochs testified that he has the management of the Pearl River Lumber Company, which operates a logging road called the Brookhaven & Pearl River Railroad Com-

pany. That he received a letter from C. C. Cameron, general freight agent of the Illinois Central, dated January 10, 1906, proposing to allow the Brookhaven & Pearl River Railroad Company a division of 2 cents per 100 pounds on yellow pine lumber delivered to the I. C. at Brookhaven, when destined to Ohio River crossings and beyond. The lumber to be billed out of Brookhaven at the regular tariff of rates applying from that place and the division of 2 cents per 100 pounds to be paid by monthly claim. And Mr. Enochs was directed, in the event of acceptance, to keep a careful count of all *logs* received by his mill that check of the arrangement could be readily made.

The letter also stated that the same arrangement would be made after February 1st with other roads of similar character and length.

Ibid., pp. 401, 415.

Mr. Enochs also introduced a bill of lading of the Kentwood & E. R. R. Co., dated February 2, 1906, for a car of lumber manufactured at and shipped from Kentwood via the I. C. to Jackson, Miss. The logs from which the lumber was made were hauled in by the logging road to the Brewer Lumber Company's mill at Kentwood.

Ibid., p. 412.

Mr. Enochs also stated that the practice of making tap line allowances running from 2 to 6 cents a hundred pounds is still kept up by the roads in the yellow pine regions of Arkansas and Louisiana west of the Missis-

sippi River, and that the logging conditions both east and west of the river are the same—the operations becomes more expensive every year.

Ibid., p. 470.

AVERAGE RATE PER TON PER MILE OF THE ILLINOIS CENTRAL ON ALL FREIGHT.

In 1902-03 it was 5.91 mills.

In 1904, according to Mr. Bowes, it was 6.07 mills, and, in 1905, 5.87 mills.

Bowes, *Ibid.*, p. 140.

While Mr. Bowes says the expense of operation of the I. C. has increased 10 per cent., he bases the statement on figures he says were furnished by the general manager.

The annual report on file does not indicate so great an advance.

DISCRIMINATION AGAINST YELLOW PINE IN FAVOR OF OTHER LUMBER.

The substantial difference in the rates on cottonwood and cypress has been stated above, the difference being at least 20 per cent. against yellow pine.

The justification attempted, is that water competition applies to the former. There is no substantial, actual competition, as testified by Barnett, Enochs, Robinson and Gardiner.

Mr. Robinson gave up the attempt to beat the railroads by water competition.

Vol. II, p. 558.

The foregoing statement, findings and conclusions of the Interstate Commerce Commission, and abstract of testimony, taken before the Commission, and since, with the notes, are set out as a convenient introduction to the argument which follows:

ARGUMENT.

I.

At the outset it may be said that, while the claim of necessity for more revenue to meet increasing expenses of operation is set up and pressed by defendant railroads, in point of fact they were never more prosperous than at the very time the advance of two cents per hundred pounds was laid on yellow pine lumber from all producing points to Ohio and Mississippi River crossings and beyond.

It is also apparent that, while their gross and net earnings in the year 1902-03 were notably large, compared with previous years, they would have been substantially increased but for the congested conditions under which the traffic was handled—due to the enormous offerings of business and their lack of facilities to take care of it.

This is shown not alone by the whole tenor of the evidence, relating to this branch of the case, but, specifically, with regard to the Southern Railway, in its Ninth Annual Report to itss tockholders, quoted on page 258, Vol. 1, and reproduced above.

It is equally clear that the Southern Railway instigated the "movement" resulting in the advance from the entire yellow pine region, Georgia to Arkansas and West Louisiana, inclusive, and that the reason lay in the supposition that the lumber trade was enjoying either too much, or very great, prosperity. (Letter of Powell to Hudson, quoted *supra*, Vol. 2, 688.) The same notion of the rate principle appears in the answer of Mr. Compton, quoted above, when asked in relation to facts and circumstances, affecting the reasonableness of the present rate, arising after the hearing before the Commission—for he admitted continued improvement in the facilities and earnings of the L. & N., while he spoke mainly of the increased value of lumber.

Vol. 1, p. 167.

In their answer before the Commission, while the defendants admitted that the lumber traffic, as handled by them under their previous rate was profitable, they declared it was not exceedingly profitable, and they then planted themselves upon the proposition that they were entitled to share in the supposed prosperity of the lumber manufacturers—as if they did not do that, without raising rates, by reason of the increase of traffic in general, resulting, of necessity, from that condition.

But, have carriers the right to advance a rate already reasonably high, and confessedly remunerative, because of the prosperity of the shipper, and because the traffic will move, even freely, despite the advance?

It is submitted, there is no just warrant for such an assertion, and that, on the contrary, the authorities are opposed to it.

Speaking of transportation by common carriers, Mr. Justice Brewer said:

> "That business, though of a quasi-public nature, and, therefore, subject to governmental regulations, has, as a matter of fact, been carried on by private capital through corporations. The fact that it was a quasi-public business always prevented the owners of capital invetsed in it from charging, like owners of other property, any price they saw fit for its use. Reasonable compensation was all they could exact, and he who felt aggrieved by a charge could always invoke the aid of the Courts to protect himself against it."
>
> *Chicago, etc., R. Co., vs. Osborne*, 52 F. R. 912; *Smyth vs. Ames*, 169 U. S. 466.

> "Railroads have no right to graduate their charges in proportion to the prosperity which attends industries whose products they transport."
>
> *Tift vs. Southern Ry.*, 138 F. R. 753.

> "The Act to Regulate Commerce (Section 1) is merely declaratory of the common law, that charges for transportation in each particular case must be just and reasonable, and every unjust and unreasonable charge is prohibited."
>
> *Murray vs. Chicago, Etc., R. Co.*, 62 F. R. 24.
> Thompson on Corporations, Sec. 5547.
> *Atchison, T. & S. F. R. Co. vs. Denver, etc., R. Co.*, 110 U. S. 667.

II.

The advance complained of in this suit, and condemned by the Interstate Commerce Commission, was the product of a combination and agreement among the several defendants, as well as between themselves and all other railroads engaged in transporting lumber to Central Freight Association territory—that is to say, both east and west of the Mississippi River.

It is admitted that the Interstate Commerce Commission was not charged with the enforcement of the Sherman Act, against combinations in restraint of trade. At the same time, it is competnent and useful to inquire into the circumstances under which any given rate has been established, especially as it has always been considered that normal competition has a tendency to produce fair and reasonable rates.

In fact, the law presumes that when competition is untrammeled, the resulting rates will be reasonable.

U. S. vs. Freight Assn., 166 U. S. 341.
Joint Traffic Assn. case, 171 U. S. 569.

When competition is shut out by confederation, the opposing presumption ought to arise because of the temptation of the carriers, in such circumstances, to levy such tribute as the traffic will yield.

The defendants all deny that they acted otherwise than separately and independently, and deny that the object of the several traffic associations (The Southeastern Mississippi Valley, to which defendants belong; the South-

eastern Freight Association, taking in the Georgia and Florida roads, or the Southwestern—Arkansas and West Louisiana) is to affect the rates of the several members, save as that may result from wholesome discussion.

It may be here admitted that, possibly, the defendants and their traffic representatives may escape a prosecution under the Sherman Act, still, the fact remains that, not only did it appear that no one of the defendant roads *could* advance the rate on yellow pine lumber unless the others, and the members of the other associations, *would*, but *would* do so if the others *would*, and they all *did concurrently*, after three meetings—the first two being abortive.

It is manifest that the lines east of the river worked the western lines in, and it seems that the latter were not inclined to come in, because they failed to have representatives at the earlier meetings.

The whole affair, beginning with Powell's letter to Hudson, calling attention to the prosperous condition of the lumber trade, and to the fact that rates were usually made with reference to prices, was accomplished after conferences between the representatives of the eastern and western lines at St. Louis, January 30, 1903.

It was a mere accident that the Louisville and Nashvill Railroad Company postponed the operation of the advance agreed on, upon its own line, to June 22, 1903, and that was due to the circumstance that it had been temporarily enjoined in Georgia. It had promulgated

its tariff, in common with the others, effective April 15, and as soon as the Geogia injunction was removed put it in force.

Another point in this connection: The traffic representatives of these railroads, who are posed as experts on rate questions, qualified by years of experience and disinterested observation (?), having established the rate complained of, by the means shown, stand discredited by reason of their denials, so that their opinions upon its reasonableness are not entitled to and should not have the weight usually accorded the testimony of candid and competent witnesses. *"Falsus in uno,"* etc.

In response to all the assertions of defendants' counsel, and to the insistent statements of defendants' traffic men, that the advance complained of was the independent act of each carrier, and made upon its own individual judgment and respsonsibility, it is deemed sufficient to ask the Court's consideration of the minutes and correspondence produced by Mr. M. P. Washburn, chairman of the Southeastern Mississippi Valley Association, much of which has been noted above.

Vol. 2, pp. 688-810.

Note particularly the two telegrams from C. C. Cameron, general freight agent of the Illinois Central, and chairman of the St. Louis meeting, quoted heretofore in this brief.

In the face of all this evidence, we would expect that a person (always excepting counsel) who would deny

the concert and confederacy charged, would deny the existence of the most obvious facts, if harmful.

The Commission justly said:

> "The act to regulate commerce (Section 1), 'in prohibiting the unreasonableness of rates, in effect, forbids whatever conduces to such unreasonableness, and, in any event, when the unreasonableness of rates is in question, it is incumbent upon the Commission to cosider how those rates were brought about—whether they are the product of untrammeled competition or the result of a concert of action or combination between the carriers establishing and maintaining them. The advanced rates complained of cannot be claimed to be the outcome of competition, because the natural, direct and immediate effect of competition is to lower (171 U. S. 577) rather than advance rates. The advanced rates must be presumed to be higher than rates which unrestrained competition would produce.'"

The deliberate judgment of a traffic manager is entitled to consideration; but that cannot be said of the action of confederates, who, without regard to such physical or financial differences as may exist among themselves, agree on a common result.

III.

Regarding the effect to be given to the findings of the Commission:

(a) The act to regulate commerce itself provides that, in all proceedings to enforce the orders of the Com-

mission, its findings and report shall be deemed *prima facie* evidence of their correctness. (Section 16.)

(b) While the Interstate Commerce Commission is not a Court, it is an administrative body, exercising *quasi*-judicial powers, and its decisions are entitled to the highest respect by the Federal Courts.

I. C. Commission vs. C N. O. & T. P. R. Co., 64 Fed. 981.

(c) In respect to Interstate Commerce matters, governed by the law, the Commission may be regarded as the general referee of each and every Circuit Court of the United States, upon which jurisdiction is conferred, for enforcing the rights, duties and obligations recognized and enforced by said law.

K. & I. Bridge Co. vs. L. & N. R. R., 37 F. R. 567.

"The findings of fact of the Commission are *prima facie* evidence of the facts found."

I. C. Commission vs. A., T. & S. F. R. Co., 50 F. R. 295.

Tift vs. Southern Ry., 138 F. R. 753.

Interstate Com. Commission vs. L. & N. Co., 118 F. R. 613.

I. C. Commission vs. L. & N. R. Co., 102 F. R. 709.

I. C. C. vs. L. & R. R. Co., 190 U. S. 275.

L. & N. R. R. Co. vs. Behlmer, 175 U. S. 648.

"Explicit law, the settled policy of the government, the practical principles of reason and justice, require that, save for controlling reasons of law or fact, the national Courts should not discredit or dis-

parage the conclusions of the Inuterstate Commerce Commission.

"*Prima facie* evidence of a fact is such as, in judgment of law, is sufficient to establish the fact, and, if not rebutted, remains sufficientffi for the purpose.

"It is no longer open to question that the Interstate Commerce Commission is an expert tribunal, empowered by law to determine, in the first instance, the reasonable or unreasonable character of the rates charged in interstate commerce."

Tift vs. Southern Railyway, supra.

(d) It has been suggested that traffic managers are much better able, by reason of their knowledge and experience, to fix rates * * * than the Courts. This cannot be conceded so far as it relates to the Interstate Commerce Commission, which, by reason by the experience of its members in this kind of controversy, and their great opportunity for full information, is, in a sense, an expert tribunal.

E. T., V. & Ga. R. Co. vs. I. C. Commn., 99 F. R. 64.

See particularly *I. C. Comm. vs. S. P. Co.*, 123 F. R., on page 603.

Further, for the effect given to the findings of the Commission respecting matters of fact, the Court is referred to the case of the *E. T., V. & Ga. R. Co. vs. The I. C. Commn.*, 181 U. S. 1.

The burden is on the defendants to show clearly that the order of the Commission is unlawful—to raise a doubt

will not suffice. Judge Pardee (in *M. P. Ry. Co. vs. T. P. Ry. Co.*, 31 F. R. 862), said:

> "Where the matter is not clear, the object and policy of the law (Commerce Act) should prevail."

IV.

The Reasonableness of a given rate and, by consequence, the reasonableness of any advance upon such rate, is a question of fact.

> *L. & N. R. Co. vs. Behlmer,* 175 U. S. 648, and cases cited.

In that case the Supreme Court also said:

> "The law attributes *prima facie* effect to the findings of fact of the Commission, and that body, from the nature of its organization and the charges imposed upon it by the statute, is *peculiarly competent* to pass upon questions of fact of the character here (there) arising."

The burden is, therefore, upon the defendants to overcome the presumption created by the law, and which, considering the nature of the Commission's functions, ought to exist independently of the statute.

That statement is not denied by counsel, in the abstract, but it is sought to evade the force of the presumption, in the instant case, upon a notion that the Commission did not give weight, or proper consideration, to *various* phases of the defenses attempted before it.

And, it is further claimed, that new evidence produced is strong enough to overcome any presumption that might be attached to the finding.

V.

A double burden is upon these defendants—to justify the advance made upon their former long-continued rates and to overcome the finding of the Commission.

It is submitted, upon the authorities above quoted, and upon principles of the common law, of which the statute is said to be declaratory, that any rate schedule which enables a carrier to take from the public more money than is required to maintain its property, pay its fixed charges and pay a fair return upon the money invested, is unreasonable. In short, unnecessary taxation is unjust taxation, and freights levied upon transportation by carriers are in the nature of taxes, and should be confined to the purposes stated.

The first presumption to be overcome is that arising from the defendants' own acts or admissions. The *principle* is well stated in the opinion of the Interstate Commerce Commission in the case of *Holmes vs. the Southern Railway,* 8 I. C. C. Report, 568, as follows:

> "The continuance of a given rate is not conclusive evidence of the reasonableness of that rate; but, when a railway company advances a rate which has been for some time in force, the fact of its continuance is in the nature of an admission against that company, which tends to show the unreasonableness of the advance. * * * The action of a railway company, in reducing a rate upon the complaint of a shipper, is not conclusive evidence that the rate was unreasonable before the reduction; but, when the

traffic manager of that company, after a careful examination of the facts, makes the reduction, that, too, is in the nature of an admission against the reasonableness of the obnoxious rate at the time of the reduction."

Let it be noted that, in the beginning of the lumber traffic, from the territory in question, it was not only of small volume, confined to structural timbers and the like (the bulk of the potential product being lost, alike to the producer and the carrier, as stated by Mr. Enochs (Vol. 2, p. 150), but the facilities of the railroads themselves to take care of it were quite limited, when compared with their later and improved conditions, when this traffic had become of paramount importance; when practically the entire log went into manufacture and transportation —high grades and low grades.

The Commission rightly concluded that the increased expense of operation, so far, at least, as lumber was concerned, was more than offset by the improved facilities of the carriers—apparent from their constantly increased earnings in later times.

As early as 1891 the differential against flat-car shipments was abolished and the rate from producing territory to Chicago became 24 cents per 100 pounds. That rate remained in effect until the second quarter of 1894, when it was reduced to 22 cents, the rate to Cairo, the basing point, being then fixed at 13 cents. That rate was maintained throughout the years 1894-95, '96, '97, '98,

and until the fourth quarter of 1899 (September 8th), when it was raised to 23 cents, that is to say, it was raised one cent, making the Cairo rate 14 cents. The 14-cent Cairo rate was maintained throughout the remainder of the year 1899, and throughout the years 1900, 1901, 1902, and until the third quarter of 1903, when, for the benefit of the lines south of the Ohio river, a uniform advance was made by agreement, it is contended. Meantime, the traffic had grown larger and larger and the earnings of the railroads had continued to increase.

So it appears that a rate averaging not above 13 1-2 cents per 100 pounds was maintained to Cairo (and a corresponding rate to more distant crossings) for nearly ten years.

Compton Exhibit 4, Vol. I, p. 311.

The claim of the roads is that not only did depression in the lumber trade lead to the reduction in 1894, but that the previous lower ate from Arkansas territory, which compelled it, was justified by the advantage long leaf yellow pine possessed over the Arkansas product—a claim which was dissipated and admitted to be untenable through the efforts of Messrs. Gardiner, Enochs and other lumbermen in 1899, as explained by Mr. Gardiner in the intelligent statement filed by him, and which will be found on page 8 of Vol. II.

The Arkansas rate, about which no complaint has been suggested, either by the railroads or shippers on that side, had been always practically and substantially, at

least, two cents lower than the rates to Cairo from this territory, as appears to have been well known to the traffic people on this side.

See testimony of Cameron (*Ibid.*, 377), and Steele (423), quoted above.

It is true that the published rates from Arkansas to Central Traffic territory, via Cairo, since the adjustment (claimed to have been forced by competition) was made between the eastern and western lines, has been the same on both sides; yet it is shown that conditions affecting manufacture and shipment are substantially similar on both sides of the river, and that what is called a tap line division is allowed by the Arkansas and Western Louisiana carriers, running from two to four, and even six, cents per hundred pounds, to their mill patrons, for hauling in logs by their logging roads.

It is not material to determine, in this controversy, whether that practice is legal or not. The proof of the tap line division made to mill owners in the name of their logging roads, which do not participate in the transportation of the manufactured product, is highly important and valuable in that it is thus made to appear that this particular traffic is so profitable to the carrier that it can afford to make such an allowance. We are thus able to appreciate the testimony of Mr. Hale (Vol. I, p. 212), who, in referring to the alleged excessive allowances made by the Illinois Central to the Gulf and Ship Island Road, under its ten-year contract, said that a thoroughly

organized and equipped line like the former could well afford to take such traffic from the initial carrier on such terms as had been agreed on between the two.

It will be recalled here that the G. & S. I., on shipments to Ohio River crossings, in connection with the Illinois Central, got, under the former rate and still gets, seven cents per hundred pounds for an average haul of eighty miles, and the latter received the same rate (less its bridge arbitrary), for a haul of 365 miles. The rate per ton per mile being in the one case about seventeen mills, and in the other less than four. Of course, however, shippers on the line of the Illinois Central itself paid the full rate, which averaged 6.02 mills per ton per mile.

As the presumption is and must be that rates, adhered to for a considerable length of time, even if produced by competition, are reasonable to the carrier; that the tendency of competition is to produce just and reasonable rates according to the whole theory of the law—it results that not only must the thirteen cent and fourteen cent rate be deemed reasonably high, but that, in fact, the carriers could have profitably transported the same lumber at a much lower rate, even if a comparison of real rates, strictly in point, is to be regarded, that is to say, a comparison which presents the same traffic, with naturally the same movement and conditions and into the same territory.

The Arkansas and West Louisiana roads enjoy no less a monopoly of the traffic originating on their lines than

the roads on this side; and it is inconceivable, therefore, that the "tap-line" divisions could or would be made unless the lumber traffic was so desirable, under the same published tariff, as to admit of it.

The Courts should not, therefore, be misled, as the Interstate Commerce Commission was not, by specious tables of comparative rates in other sections of the country, such, for instance, as Mr. L. Green's tables of North Carolina single line schedules, where, as explained by Mr. Enochs, and not controverted, there could have been no substantial movement—or Mr. Compton's tables of extremes.

In this connection, it will be further recalled that, not only have the Arkansas lines always made the concessions, referred to, to their shippers of pine lumber, for the same logging service that the shippers on this side are compelled to perform, with the same conditions and same expense in the construction, equipment and maintenance of their logging roads (Vol. II, p. 169); but the New Orleans and Northeastern, while its traffic matters were under the administration of Mr. Barnett, and the present traffic manager, Mr. Steele, after him (*both while the thirteen-cent rate and the fourteen-cent rate were in effect*) did repeatedly put in tap line divisions in favor of its patrons (Vol. II, pp. 197-198 and 423), and only discontinued the practice at the instance of the Illinois Central, which threatened to reduce the published rate to all its shippers, unless the practice should be

stopped. The N. E. & N. O. found itself able to make an allowance of two cents per hundred pounds, which was *pro rated* by it and its connections beyond Meridian.

Not only did the N. O. & N. E., the road making the least satisfactory financial showing of all, make this division to the mills with logging roads, but the Gulf and Ship Island, while the fourteen-cent rate was in effect, repeatedly did the same thing.

The Mobile and Ohio Railroad Company also found the lumber traffic so desirable that it introduced and still maintains the practice of allowing divisions to owners of logging roads, in some instances running as high as 3 1-2 cents per hundred pounds (Vol. II, p. 393).

And, to cap the climax, as admitted by Mr. Bowes, of the Illinois Central, and proved by Mr. Enochs, beginning with February, 1906, that railroad company has concluded that it can afford to make an allowance of two cents per hundred pounds on lumber manufactured from logs hauled in over logging roads ten miles or more in length. (Letter of Mr. C. C. Cameron to Mrr. I. C. Enochs, Vol. I, p. 415.)

The reason given by the Arkansas lines for maintaining the practice of tap line divisions, on the milling in transit principle, instead of reducing their schedules, was that to make the reduction would break down rates on this side of the river.

The essence of the entire matter is that, while they were satisfied with a rate, yielding several cents less per

hundred pounds than their published tariffs, corresponding with those of the roads in this territory, they were induced to maintain a higher published rate, so that shippers on this side could make no appeals to their carriers for equal treatment.

It is maintained on behalf of the government, that the presumption arising from the long continued lower rate, as stated, coupled with the facts and circumstances adverted to, as tending to show that it was reasonably high before the last advance, has not been overcome, and that the recent conversion of the Illinois Central to the western practice greatly strengthens it so far, at least, as that road is concerned.

So that, even did the Act of Congress not make the report and finding of the Interstate Commerce Commission itself *prima facie* evidence, any Court of justice would find ample warrant, without that presumption, to condemn the arbitrary advance adjudged unreasonable by the Commission.

But counsel for defendants say the Commission found the rate produced by the last advance to be unreasonable not in itself, but because it was effected by an unlawful combination and agreement.

The only use made of the *I. C. C. vs. L. & N. R. R. Co.*, 190 U. S. 284, cited by counsel, was to say that, if the language of the Supreme Court were paraphrased, no room is left to sustain the view that the Commission could have held the advance of two cents per hundred

pounds, was in, and of itself, unreasonable, if it had not been made by respondents as members of the several traffic association.

This statement seems unjust to the Commission, since it is evident, from its report, that the manner in which the advance was brought about, was only treated as a circumstance tending to show its unreasonableness, in view of what this Court had said of the tendency of competition *to* produce just rates. The advance was expressly not condemned on that ground; whereas, in the case cited by counsel, the Court held that the finding of the Commission, that the rates on certain commodities from New Orleans to La Grange, Ga., were in themselves unreasosnable, was due to its erroneous opinion, *as matter of law*, that the railway had no right to construct its schedule by adding to the through *competitive* rate to Atlanta (the greater distance) the local distance rate from Atlanta back to La Grange. The opinion of the Commission in the *La Grange case* was that the long and short haul clause of the act to regulate commerce was violated, and that, as an incident, an unreasonable rate to the nearer point had resulted; whereas, the Supreme Court thought the dissimilarity of circumstances and conditions took the case out of the law.

If the Commission had found the rate complained of by the merchants of La Grange to be in and of itself unreasonable, independently of the particular manner in which it was constructed, it is evident, both from the

opinion of this Honorable Court, and of the Circuit Court of Appeals, in that case, that the fullest weight would have been given to the finding of the Commission upon the *fact* of reasonableness, because neither Court attempted to exercise its independent judgment, but only reversed the decree of the Circuit Court "without prejudice to the right of the Commission to proceed upon the evidence before it, or upon such further pleadings and evidence as it may allow to be made or introduced, to hear and determine the controversy according to law."

VI.

The presumption in favor of the Commission's order is not rebutted by proof that other carriers, elsewhere, may have rates as high or higher than the rates complained of, either in gross, or per ton per mile.

It is insisted by appellants that, because certain of their traffic experts have produced tables of rates, taken from the tariffs of other interstate carriers, showing a number of rates higher per ton per mile and in gross than the rates condemned here as unjust, the same should have been, and should be, accepted by the Commission and the Courts as controlling, and as establishing the "customary charges" that should be made for the service.

In short, it is assumed that a customary charge for the same service elsewhere has been established by the comparison of rates introduced on behalf of defendants, and

since, by such comparison, the advanced rate put into effect by them on April 15, 1903, does not exceed the average, or may fall below the average, the Commission was not justified in declaring the advance to be unreasonable.

And the case of *Cotting vs. Stockyards Co.*, 183 U. S. 97, was relied on below to sustain the position thus taken.

It is submitted that that case is not authority for the proposition that the reasonableness of a given rate must depend upon its ability to withstand comparison with other rates that happen to be in effect when the comparison is made. If the *Cotting case* has any bearing upon the issues involved here, it can, from the complainant's point of view, be regarded only as authority for its side, because, in speaking of the customary charge that should be regarded as reasonable, "*in the absence of testimony*" the Court was not dealing with comparative rates elsewhere, but with the particular *customary* charge made at the place in question.

The quotation made by the Court, "Long usage and acquiescence in any one uniform payment of toll is undoubtedly cogent evidence that it is reasonable," being slightly paraphrased, has the clearest application to the long-prevailing lower rate applied by these defendants prior to April 15, 1903, and fully supports the principle stated by the Interstate Commerce Commission in the *Holmes case, supra.*

It is believed that the utmost to be said of the value of comparative rate tables is that they are mere evidence to be taken into consideration.

> "In determining whether rates are just and reasonable in themselves, a comparison may be made of the particular rates with those accepted elsewhere for similar services."
>
> *Interstate Commerce Commission vs. E. T. Va. & G. R. Co.*, 85 Fed. Rep. 107.

> "But the rates to other places, or points of shipment, are unimportant, except as a circumstance or fact in the proof, and have no other than an evidentiary bearing."
>
> *Interstate Commerce Commission vs. L. & N. R. Co.*, 73 Fed. Rep. 107.

Having always in view the principle that the exaction of common carriers for the transportation service must be limited to a reasonable return upon the investment made by them, comparative tables, even when perfectly free from the criticism of unfairness in their selection, can have little or no value unless supplemented by proof of stability, the movement of the traffic under them, and the necessities of the particular carriers enforcing them, as well as other and various conditions and circumstances.

For instance, we may well expect to see a much higher rate on lumber from Oregon to selected points in California, by a railroad traversing mountain ranges, with

long stretches of vacant country, furnishing no local business, than between McComb City or Hattiesburg, Mississippi, via Cairo, to Chicago or Indianapolis, through a country practically level, teeming with population and studded with active towns and cities, humming with the thousand-and-one industries that tax the powers of the railroads to serve in and out.

But, aside from the point that comparative tables have little value in the absence of proof showing similarity of conditions in all respects, the tables produced by Mr. L. Green, the Southern's expert, are by no means fair. Enough is known of a portion to justify that statement, because, in his search for "higher rate" tables, he took points between which there could have been no perceptible movement. From the condition described by Mr. Enochs above, and which no attempt was made to rebut, it was evident that his North Carolina rates were "paper rates" only. Mr. Green had abundant opportunity between the time Mr. Enochs testified and his own last examination to acquaint himself with the lumber traffic condition in the territory from which he got his tables; but made no effort to sustain himself. He merely thought there must have been a movement, else the rates would not have been published. Had the movement been of any respectable volume, it goes without saying, considering this theory of the defendants, that we would not be wanting information about it still.

But what shall be said of the value of any of these comparisons in view of the facts of the case and the manner

in which it is known the lumber traffic has been treated by these defendants and their nearest neighbors, performing precisely the same service? And what shall be said of the per ton per mile test when it is evident that this traffic was considered so very desirable, both under the 13-cent and the 14-cent rate?

Look, for instance, at the case of the Gulf and Ship Island, which, prior to its completion to Jackson, when it could deliver its north-bound lumber either to the N. O. & N. E. at Hattiesburg, or to the L. & N. at Gulfport. It got three to four cents per hundred pounds for its share of the through rate. That was prior to 1900. The Illinois Central (an old, thoroughly organized road) then made overtures to the Gulf and Ship Island to induce it to extend its line to Jackson, about eighty miles beyond Hattiesburg, offering to allow it seven cents per hundred pounds on all lumber delivered to it for Central Freight Association territory. The offer was promptly accepted, and a ten-year contract entered into, while the Cairo through rate was 14 cents.

The result was the lumber traffic of the Illinois Central Railroad was just about doubled (Bowes, Vol. II., p. 563); its revenues greatly increased from that time, yet it comes into court whining about its low rate *per ton per mile* produced by deducting from the average it receives from its own direct patrons the division it is *compelled* (?) to pay the Gulf and Ship Island.

According to its present notion, it could not afford to carry lumber at such a low per ton per mile rate and pay

its own bridge arbitrary besides (Vol. II., p. 495); yet, beginning with February 1, 1906, it voluntarily offers a tapline division of two cents per hundred pounds to logging roads ten miles in length or over (which is practically to all of them), and in reality to the mills that own them. (Bowes, Vol. II., p. 146.)

What counsel said below about the commanding position of the Gulf and Ship Island, which enabled it to dictate its own divisions, can have no possible application to this new practice of the Illinois Central; to the concessions of the roads west of the river; to those made by the Mobile & Ohio, or those formerly made by the New Orleans and Northeastern and G. & S. I.

If the divisions allowed by the Gulf and Ship Island are excessive, as they apear to a layman to be, still, as the Commission held, the remedy is not to raise the rate, because what the shipper is concerned with is the reasonableness of the through rate *as a whole,* and not its division among the carriers.

To give an idea of the desirability of this particular traffic, it is enough to call attention to the proof made by Mr. Gardiner, and admitted, that the New Orleans and Northeastern made a regular allowance to the Gulf and Ship Island of five cents per hundred pounds on such lumber of Eastman, Gardiner & Co. as the latter road, which controlled it, would allow it (the N. O. & N. E.) to take from Laurel, and concerning the transportation of which the G. & S. I. performed no service whatever.

The N. O. & N. E. and its connections are old and thoroughly organized roads, and it must be presumed there was still a profit in handling the lumber on the through rate, else it would not have paid so much to the G. & S. I. for permission to transport it.

Mr. Hale, vice-president of the Gulf and Ship Island, who testified in February, 1906, sees nothing extravagant or unwise on the part of the Illinois Central in making the handsome allowance to his road, because, as he explains, it could well afford to do it, considering its organization, equipment and facilities to handle the traffic. (Testimony of Hale, quoted *supra.)*

Not alone have we the presumptions arising from the declaration of the statute; the customary charges of the defendants themselves; their admissions; the liberality to initial carriers and the tap-line concessions to logging roads, as well as the constantly increased and increasing gross and net earnings of these defendants, as tending to establish the claim of the government that the rate prior to the advance was reasonably high, and, *therefore,* the advance itself unreasonable, but there is another very strong circumstance against the Illinois Central Railroad, which shows that it could afford to haul lumber at a very much lower rate than even that in effect *prior* to April 15, 1903.

There is no difference, as a transportation proposition, between sawed crossties and other kinds of lumber transported from this territory; yet, in February, 1905,

the Illinois Central put in effect a tariff on crossties, effective March 27, 1905, of 26 cents per tie from all its yellow-pine territory to Chicago (Vol. I., p. 387), the tariff itself requiring its station agents to bill the ties at 165 pounds each, the true weight being about 140 pounds average. That produced a rate of about 17½ cents per hundred pounds on crosstie lumber to Chicago, as against 26 cents per hundred pounds on other pine lumber. This tariff was shortly superseded by another, changed only in respect to the weight per tie, which the agents were to bill at 130 pounds, and that produced a through rate of about 20 cents per hundred pounds.

These two tariffs,, testified to by Mr. Robinson, are set out on pages 418 to 419, Vol. I.

It is difficult to find fault with the opinion of the Iowa Supreme Court in *Cook & Wheeler vs. Chicago, R. I. & P. R. Co.*, 9 L. R. A. 764, where it was declared that:

> "the allowance by a common carrier to certain of its customers from the tariff charged others for similar services is sufficient of itself to show that the rates charged the latter were unreaosnable."

The principle of this decision, although a rebate was in question, applies not alone to the crosstie concession of the Illinois Central's tariff, but to its tap-line concession; to the tap-line divisions of the Mobile and Ohio, and to the allowances made by the N. O. & N. E. to the Gulf and Ship Island Railroad as a shipper, and not as a carrier, of the Eastman, Gardiner & Co. lumber.

To show, in the estimation of carriers, that rates per ton per mile should, or must, recede with distance, it is only necessary to look at the local distance tariff of the Illinois Central on commodities, including lumber. If its principle were carried straight through, instead of being confined to territory south of the Ohio River, the mills on its line could put their lumber into the Chicago market for about 22 cents per hundred pounds. (Testimony of Enochs, above quoted.)

VII.

It is an erroneous supposition that Trans-Mississippi Rates were unreasonably low and forced too low a rate on defendants.

Whatever may be said regarding the action of the trans-Mississippi roads in depressing lumber rates prior to 1894, they cannot be said to have exerted pressure in that direction afterwards, because, in 1899, there was a uniform advance on both sides, effective up to April 15, 1903. Hence, the argument that the western pressure being removed in 1903 (?), the roads east of the river were enabled to make a fair advance should be without effect.

Indeed, it seems hardly fair for the defendants to contend that the present rate is reasonable, because produced by competition, since it is manifest that competition was eliminated by the several agreements of the roads east and west to make the several advances they did make. It is equally manifest that, until very recently

(February, 1906), only two of the defendant lines (the I. C. and M. & O.) propose to meet, in part, the true well-known rates west of the river by making concessions to the shippers' logging roads.

It was said by counsel for defendants, below, that, on April 15, 1903, the competing lines from Arkansas to Cairo increased their rates two cents per hundred pounds, and it was this fact which enabled defendants to make said advance of two cents per hundred pounds from Mississippi territory to Cairo. And it is said, further, that the rates charged by defendants prior to said advance of two cents were accepted by them, not as being reasonably high, but as being the highest they could secure under the stress of the Arkansas competition.

A stranger to this record would infer, from these statements, that a case of cause and effect was presented; that, independent action had been taken by the Arkansas roads, which had relieved a pressure on the defendants, and thereupon the latter had asserted their rights, whereas, in truth and in fact, a great volume of profitable business had come to the roads from the rates established in 1894, continuing and increasing, notwithstanding the agreed advance in 1899 on both sides; and whereas, in point of fact, as is perfectly manifest, the Western roads were brought into this conspiracy against the patrons of all by the defendants themselves.

A fairer statement, it seems, would be about in these terms: The yellow-pine industry east of the Mississippi

River for a long period of time was exceedingly limited, being confined to supplying a local demand and selling a small quantity of structural timbers, carried north by the railroads at great expense on account of their poor and limited equipment, the car capacity being then not in excess of ten to twelve tons (Vol. II., pp. 150, 151); the yellow pine region of Arkansas was developed by a number of shrewd lumbermen from Wisconsin and elsewhere, who proposed to raid the former white pine markets with the Arkansas product. (Vol. II., p. 153.) They were encouraged by their railroads; they invaded the Western markets and achieved a victory over white pine; the rates allowed by the railroads helped them along, and helped the roads by increasing the density of their traffic. The whole product of the tree went to the market. On this side, the freight rate, with the flat-car differential, resulted in the greater portion of the log being left in the woods to decay. As expressed by Mr. Enochs, it was lost both to the millman and the transportation companies. (*Ibid.*, p. 150.)

Regard for their own interests induced the roads on this side to cultivate this traffic. The low grades could not move on the old rates, whether competitive or not, so, for their own sake principally, these roads put in rates slightly in excess of those adopted on the other side when there was no competition, and evidently found to be highly remunerative by the Western roads. As a consequence, thousands of cars of lumber went North, where

only a few hundred traveled before. Millions of dollars were invested in the industry, and all the product went to the markets. As the timber was cut away from the lines of the railroads, the millmen built and equipped expensive logging plants to keep up their supplies of raw material. Meantime, the railroads adopted a standard gauge, built bridges and dispensed with the shifting of trucks and transfers by ferry; heavy grades and curves were eliminated; cars were introduced with capacities running from 60,000 to 100,000 pounds, and eighty-ton locomotives took the place of the old thirty-five-ton. (*Ibid.*, p. 152.)

Thus, a great traffic was built up, and, while the shippers prospered—at least, those who had the foresight to buy timber while it was cheap—the railroads themselves grew, and grew in prosperity.

In the height of this prosperity, and the general prosperity of the country, demands were made for better wages by employees, and these were conceded to some extent. Naturally, the prices of material rose with the demand produced by the tremendous busines the roads had to take care of—good, paying business, as their reports indicate. In 1902 the rush of business was so great that such non-perishable articles as lumber had to be sidetracked, and congestion from defective transportation and terminal facilities resulted, all of which added to the expense of operation. Still, the gross and net earnings of the roads were greater than ever up to that time, and only surpassed since.

In this situation, and because the lumber trade had recovered to a great extent from its then recent depression, it occurred to the railroads that the rates on lumber in force from 1894 to 1899, and then raised by agreement, were too low, whatever the Arkansas lines might think about it. Then a letter from Mr. Powell, of the Southern, to Mr. Hudson, of the Illinois Central (Vol. II., p. 688), led to an informal conference at St. Augustine, Florida, followed by a more formal meeting at New Orleans, from both which meetings the Arkansas lines were absent, and, lastly, the concurrent meetings of the Southeastern Mississippi Valley Association and the Southwestern at St. Louis, and a concurrence of views which enabled the east side roads, following the Arkansas lines, the old authors of fair rates, to lay two cents additional on lumber.

If, under the circumstances of this case, instead of taking the customary rates charged by the defendants as the best evidence of reasonabelness, resort shall be had to comparisons with the rates of other carriers, regardless of operating conditions or movement or financial conditions being proved, then it is proper to remark that, where the net earnings of a railway company under an existing tariff of rates, in the face of larger expenses than usual, are such as to admit of a fair return for the services; to enable it to pay all fixed charges, and to create a large fund for betterments or other purposes, then the lowest rate in effect elsewhere, upon any given

commodity, forming a large portion of its traffic, should be a more satisfactory test of reasonableness than that showing a higher average.

And here it will be observed that some of the tables produced by Mr. Bowles, of the Illinois Central (as noted above). and many of those produced by Mr. Gardiner, showed lower rates per ton per mile than the rates presently charged by these defendants. (Vol. II., pp. 660-678.) The Illinois Central rate, Cairo to Cricago, is ten cents per hundred pounds, or 5½ mills per ton per mile.

VIII.

Position of the Illinois Central.

It is evident from the testimony of *Mr. John F. Wallace,* the eminent person who was then general manager of the Illinois Central, that his company thought the advance complained of should be maintained, *not because the railroad needed the money,* but because it entertained the belief that the tide of prosperity, then on, was at its height, and its ebbing meant disaster; the future was enveloped in gloom. It was necessary, therefore, to get in all the money possible and store it up for use during the impending dark days.

After saying his company was out of the market for cars this colloquy ensued:

Commissioner Prouty:

"You are not buying cars this year?" (1903.)

Mr. Wallace:

"No, sir."

Mr. Andrews:

"Why are you not buying this year?"

Mr. Wallace:

"For the reason that we apprehend a checking of the present business prosperity of the country."

Commissioner Prouty:

"Would that be a reason, Mr. Wallace, why you should reduce rates or why you should further advance rates?"

Mr. Wallace:

"That is a reason why we should endeavor to maintain rates as they are until we know what the conditions are going to be when that state of affairs is reached. If our business falls off, as we expect it to do, and we are not able to reduce our expenses, why it would be a reason for very strongly maintaining or advancing rates."

Commissioner Prouty:

"As I understand it, these rates have been advanced in the last four or five years because you have had more business and because the country has been prosperous; and now, you say that, if you have less business, and there is no such prosperity throughout the country, you want to still further advance your rates."

Mr. Wallace:

"There is a very logical answer to that, and that is this:

"Mr. Andrews hasn't reached that point yet, but, in the last year, or in the last year and a half, we have had to advance our rates of pay for labor, so that we are now on a basis of approximately

> $2,000,000 a year more than we were two years ago. Most of those advances in the rates paid for labor have been due to negotiations with labor organizations, and, while there may be some railroad managers who will have the nerve to fight those organizations and to resist demands for advanced rates of pay, it is a matter I don't think any of them will attempt unless they are driven to the last extremity. Now, the effect of that has been to force every item up, and we do not know—in fact, we are persuaded—that we will have a great deal of difficulty in reducing those rates when business falls off; and to that extent, at least, when business does fall off, we shall be handicapped as far as reductions are concerned.
>
> "Again, during the years of prosperity, we have been hounded by our customers and clients to increase our equipment, in order to take care of the increased business and to give them the facilities they needed, and we have spent money for new equipment, for additional tracks, for additional warehouses and facilities of all kinds, and if business falls off, and we don't have the traffic, we have still got to earn the interest on the cost of these additional facilities with a less volume of business."
>
> Wallace, Vol. II, p. 330.

From its revenues for the year ending July 30, 1903, the Illinois Central, after paying its fixed charges, taxes, renewals, maintenance, sinking fund, and setting aside $4,881,000 for betterments, paid 6 per cent. dividends to its stockholders and 4 per cent. on $10,000,000 of leased line stock.

Evidently, its general manager, speaking for the road, considered that a condition of prosperity. The *fear* expressed was that it would not continue.

For the year ending June 30, 1905, the Illinois Central has paid 7 per cent. dividends. So far from the anticipated falling off in business having occurred its volume has continued to grow.

The gross receipts of this road from operation for the year ending June 30, 1905, reached the enormous total of $49,508,649.94, and after deducting all taxes and expenses of operation the net earnings were $14,396,943.89. Its other revenues from investments amounted to $2,759,-019.54.

Vol. I, p. 436.

The balance sheet of the Illinois Central, June 30, 1905, gives the value of its railroads and equipment (the entire system) at $190,622,248.98, or, in round figures, $43,580 per mile. Its net earnings from operations, disregarding its other income for the same year, amounted to $3,291 per mile, or say, 6 per cent. on $55,000 a mile.

Ibid., p. 448.

The capitalization of the Chicago, St. Louis & New Orleans Railroad, according to the statement contained on page 18 of the brief of Mr. Andrews, filed below, is, capital stock, $10,000,000, and $47,288,000 funded debt (including $3,000,000 Cairo bridge bonds, which ought not to be considered unless the bridge arbitrary is struck off), making a total of $57,288,000, or a fraction less than $43,870 per mile.

According to the statement produced by Mr. Bowes (Exhibit G, Vol. II, p. 854) the gross receipts of these

lines, south of the Ohio River (deducting overcharges) were for the year ended June 30, 1902, $14,284,898.81, and for the year ended June 30, 1903, $15,958,872.83, while the net income from operations during the first of these years was $5,027,330.23, and for the latter, the year of the advance, the net income was $5,549,321.97, an increase of $521,991.74; and, after paying all taxes, rentals of leased lines, interest on funded debt and leased line certificates and over $700,000 for overcharges and $444,255.82 of dividends in 1903, there was left the sum of $2,688,413.28 surplus applicable to dividends or to such uses as the lessor road, the I. C., should see fit. This surplus would have paid 26½ per cent. additional dividends on the capital stock of the C., St. L. & N. O.

This table of Mr. Bowes, produced in evidence by Mr. Andrews before the Commission, gives the mileage of the Southern lines, in 1903, at 1,278.79 miles, so the net earnings from operation amounted, in round figures, to $4,300 a mile.

By the same table the total capitalization per mile of this road is put at $45,213.72. The stock being $8,046.86 per mile, so that, after paying interest on funded debt, taxes and rentals, there was left a surplus equal to $2,448 per mile.

In view of these showings it is not deemed necessary to follow the testimony of Mr. Wallace about the cost of reproduction of these lines of railway.

It seems manifest that if Mr. Wallace himself could be recalled at this time, and display the candor for which

he has become famous in the story of the Isthmian Canal, upon being reminded of his false prophecy concerning the decline in traffic, he would cheerfully surrender his notion that the advance ought to be maintained.

While the solicitor for the Illinois Central Railroad Company, in a brief filed in the Circuit Court, disclaimed all purpose to discuss the reasonableness of the particular rates in controversy—leaving that to the special counsel for all the defendants—he did quote a brief passage from the opinion of the Supreme Court in *Smyth vs. Ames*, 169 U. S. 466, and then set out tables of figures and quoted certain testimony to prove the value of that road and equipment, and essayed the inference that, to reduce the rate complained of (so that the *customary charge* would be substantially restored), would be to deprive the owners of this property of a fair return upon the value of their property. The passage quoted is as follows:

> "What the company is entitled to ask is a fair return upon the value of that which it employs for the public convenience." Omitting the clause immediately following in the opinion: "On the other hand, what the public is entitled to demand is that no more be exacted from it for the use of a public highway than the services rendered by it are reasonably worth."

And here attention is directed to the undisputed testimony of Messrs. Robinson and Johnson, quoted above, that Mr. Hudson, traffic manager of the I. C., advised Mr. Harrahan, the vice-president, in 1898, when the 13-

cent rate was in force, that his road would find it profitable to pay 6 cents to the proposed road from Meridian to the I. C.'s Aberdeen branch.

When a railroad can take care of its fixed charges, pay usual dividends, and invest $17,806,039 out of its earnings for betterments and additions, in five years, it indicates a condition not demanding new burdens on traffic.

Wallace, Vol. II, p. 343.

Respecting the financial condition of the other defendants, enough appears in the findings of the Commission and the briefs of associate counsel. The writer only wishes to attract the Court's further attention, along this line, to the evidence affecting the Gulf & Ship Island—the railroad which, upon the fancy that its existence is limited by the duration of the yellow pine industry (contradicted in its annual report on file), sells the tonnage it controls to the highest bidder.

Bowes, Vol. I, p. 145.

The Commission having said that an intermediate carrier paying excessive divisions to an initial line ought not to recoup by advancing a through rate, already reasonably high, the defendants immediately assuming that this declaration of the Commission must be construed as an attempt, not only to deal with the question of the *reasonableness vel non* of the through interstate rate, but also to force equitable divisions among the participating carriers, called Mr. Gee, the auditor of the Gulf & Ship Island, to prove what the effect would be on that road if

the old Cairo rate should be restored and the added 2 cents cut off its net revenue.

Mr. Gee then testified to a capitalization of forty thousand and odd dollars per mile, and said that if it should make a reduction of 2 cents in its division it would reduce its net revenue to so low a figure that it would only pay 6 per cent. on $30,350 a mile, whereas in 1903 net earnings amounted to 6 per cent. on $43,631 a mile.

Gee, *Ibid.*, pp. 181, 196, 197.

Now, while the Gulf & Ship Island Railroad is capitalized at $40,394.72 a mile (*Ibid.*, p. 194), neither Mr. Gee nor anybody else can show what it cost. No one has pretended to say what was realized for its stock, and its early books are in a state of hopeless confusion. (*Ibid.*, p. 204). On the other hand, according to testimony noted above, the main line could not have cost over $12,000 a mile, and the branches not over $9,000. In fact, as Mr. Gardiner proved, the Laurel branch could not have cost over $8,000 a mile, and it was as good as the rest.

Gardner, *Ibid.*, p. 385.

It would thus appear that the Illinois Central, if dissatisfied with its ten-year contract, and still finding the division to the G. & S. I. too high, might well expect that road to give up a portion of the allowance.

It is perfectly certain that the Commission has not undertaken either directly or indirectly to dictate what the division shall be.

But, not only did Mr. Gee fail to meet the purpose of his call, but Mr. Hale, the G. & S. I. vice-president, maintained, with force and a show of reason, that the Illinois Central could well afford to make the 7-cent allowance on the 14-cent rate.

Hale, defendants, *Ibid.*, pp. 212-213.

IX.

There is nothing in the complaint of the defendants that the supposed true relation between gross and net earnings has not been maintained.

It has been made to appear, by extracts from the testimony, that the lack of facilities, both terminal and in respect to rolling stock (producing slow and expensive movement) is more responsible for the decreased increases in the proportions of net earnings than any rate condition. And, in addition, that the alleged disparity is due, in great measure, to the enormous sums paid annually out of net earnings from operation for permanent improvements—*e. g.*, $17,000,000 in five years by the I. C.

The contention of counsel, that such permanent improvements are properly chargeable to operating expenses, might be admitted without jeopardizing the complainant's case in the least, because, first, the enormous receipts of the road arising from their pre-existing tariffs has enabled them to make these permanent improvements and still pay dividends annually; and second, it will not be

necessary, *presently*, to duplicate the improvements so made; and third, the improvements made, from the contributions of shippers, necessarily tend to cheapen the cost of the transportation service and thereby add to the net earnings in all the future.

But the decision of this Court (*U. P. R. Co. vs. U. S.*, 99 U. S., 420), relied on to sustain the assertion that the Commission erred in its finding and conclusion on this point, is plainly misapplied. In the case cited the Supreme Court was not dealing with a controversy of this nature—that is to say, what a carrier may exact from the public for a *particular* transportation service. The case involved rather the question of proper charges to be allowed, as between parties interested in a common venture, before dividing up the surplus.

The *Union Pacific case* is only authority for the proposition that the question of dividends, and expenditures for betterments, is one of policy usually left to the discretion of directors.

See Rose's Notes, Vol. 9, p. 736, and cases cited.

The *Union Pacific case* is no more helpful to defendants than that of *Van Patten vs. C., M. & St. P. Ry. Co.*, 81 Fed., cited in the Court below. If the latter were an authority, then there could be no inquiry into the reasonableness of any given rate. While the *judgment* rendered by Judge Shiras was no doubt equitable and sound, when he said that the promulgation of a tariff, according to the statutory requirement, itself furnished the standard

and test of reasonableness, it was equivalent to saying that, under the law, as it stood, the trafic managers of the railroads are the sole and final arbiters. If Judge Shiras was right, in that *obiter dictum* purely, the only inquiry would have been, has the tariff in question been filed with the Commission?

That decision ignores all that had been said by other Courts to the effect that Section 1 of the Act to Regulate Commerce was itself only declaratory of the common law.

X.

The Commission has not undertaken to fix future rates, by arbitrary action or otherwise.

The right of the Commission to fix future rates was denied by the Supreme Court in the case cited from 162 U. S., and no attempt has been made since that time to fix a future rate. In this case, as in the Georgia case, the Commission has simply found that the defendant roads have themselves made an arbitrary and unjust advance upon rates of their own which were found to be reasonably remunerative. It has condemned the advance as unreasonable, and has invoked the power of the judiciary pursuant to the Act of Congress to give effect to its finding.

And the proceeding before the Commission in the first instance is entirely within the sanctions of this Honorable Court in the cases of the *I. C. Com. vs. L. & N. R. Co.*, 190 U. S. 273, and *T. & P. Ry. Co. vs. Abilene Cotton Oil Co.*, 204 U. S. ——.

No question was raised upon the Court's jurisdiction below, but, on the contrary, the defendants frankly stated that the question involved was the reasonableness of the advance made by them.

The case of *Tift vs. Southern Ry.*, 138 F. R. 753, is similar in most of its aspects to the case at bar, and two of the defendants are the same.

In fact, the only material difference between the *Tift case* and this (aside from the form of the proceedings), is, that here we have not only the just and legitimate presumption arising from the long-continued lower rate, the growth of the traffic and increasing prosperity of the carriers under it, but the further evidence—tending to show the desirability of and the profit in this particular traffic—of the tap line concessions made by three of the defendants, by all the Arkansas roads, and lately adopted by the Illinois Central. The proof of the combination and agreement was substantially the same in both cases.

We have here, in addition, the testimony of a former traffic official of one of the largest of the lumber-carrying roads (Mr. Barnett of the N. O. & N. E.) that, when he was in charge, the 13-cent rate, then in effect, was deemed reasonable.

Vol. II, p. 196.

Every point pressed here was pressed before the Commission to support the contention of the railroads that they were justified in making the advance, and the fullest

consideration was given to every phase of the testimony and argument. The question of the manner in which the advance was achieved, its necessity, the financial condition of the roads. Their condition before and during the period of the lower rates, the growth and value of the traffic, increase in expense of operation, and the opinions of experts, who made the rates, were fully considered, and now it is attempted to break the force of the Commission's Report by insisting that its action was arbitrary.

This argument is already so protracted that no attempt will be made to follow, in all their details, the briefs of opposing counsel. The following extract from the opinion of the Circuit Court in the *Tift case* is very striking, in view of the pleadings and testimony:

> "The cardinal error to which the railroads have been committed in this important controversy, is the apparent belief that they have the right, by arbitrarily increasing freight rates, to divert at any time to their own treasuries a share of the profit of successful industries or occupations. It was not contended that the antecedent rates were unremunerative. As before stated, they were conceded to be profitable."

It is fortunate for shippers that their rights are not to be left to the "self-interest" of the railroads for protection, nor concluded by the opinions of interested experts —especially not by experts who stand discredited by absurd denials of manifest fact. The unfairness of some of their tables and calculations will appear from extracts

above quoted. (L. Green's rate tables; Compton's averages and extravagant estimates, for instance.) And the Court will note the attempt of that pre-eminent traffic personage, Mr. Compton, by an imagined *equal* flat and box car movement, to construct an average of the old-time differential rates substantially above the present rates to points in the central traffic territory.

Vol. II, p. 272.

XI.

The tariff extracts furnished by the Secretary of the Commission show, not only discrimination against yellow pine, but rates from this district to very numerous points in Central Freight Association territory (back of the period of the 13-cent rate) substantially below the present tariff.

Vol. I, pp. 486-491.

Even if Mr. Longstreet's generalization (*Ibid.*, p. 492), respecting the causes that led to those rates, is regarded, these tables are still valuable as showing the desirability of this traffic, and keeping in mind what this Court and the Commission have said of the tendency of competition to produce fair and reasonable rates, it must be assumed that the same were then considered reasonable.

XII.

If lumber rates appear to be low (before the advance), in comparison with rates on other NAMED articles of traffic, it is right, from every point of view, that it should be so, for the reasons:

(*a*) Taking *all grades,* the average value at the mills was equal or nearly equal to the freight charges to destination.

Steele, Vol. II, p. 417.

(Note—The tables of comparison produced by Compton, based on dealers' prices, cannot overcome the testimony of Enochs and others showing actual results.)

(*b*) The volume of the lumber traffic is greater than any other moving out of Southern territory. It furnishes a greater tonnage than any other commodity except coal.

Vol. II, p. 162.

(*c*) Practically no damage claims arise against carriers for injury to or loss of lumber in transit. The insurance feature and element of risk are practically eliminated.

Ibid., p. 173.

(*d*) The service and cost of hauling is relatively small. There is no special equipment furnished.

(Note—Any and all kinds of cars can be and are used for its transportation. The flat cars used are the cheapest of all, and, when used, are equipped with standards

and braces by the shippers at considerable expense, and the additional weight of this equipment is charged for in the freight bills. According to Mr. Haiden Miller, it was found to be to the interest of the Mobile & Ohio—the largest user of flat cars—to use that variety of car.)

It is manifest, from what Mr. Hale, of the Gulf & Ship Island, said (*supra*), that the transportation of lumber is inexpensive, because he declared that the Illinois Central, equipped as it was, could well afford to allow 7 cents to the G. & S. I. out of the 14-cent rate to Cairo, Mr. Barnett said the traffic was cheap and desirable because it could be handled almost entirely by local freight trains—that is, it need not interfere with the movement of through freight trains carrying high-class or perishable freight.

(*e*) The lumber is loaded on the cars by the shipper and unloaded by the consignee.

(*f*) No expedition is required. It is evident from the testimony, showing the slow movement of lumber by the Illinois Central (Enochs, *supra*), that all other traffic had the right of way—all of which confirms Mr. Barnett's statement that lumber can be handled by the local freight trains, which must run at all times for the public convenience, whether the local traffic is great or small.

Ibid., p. 197.

(*g*) It is a traffic furnishing revenue all the year through.

(*h*) Under the former rates lumber produced more revenue per car than much other traffic of greater commercial value—live stock for instance.

Ibid., pp. 539-540.

(*i*) Lumber is a commodity of prime utility, and should bear the lowest rates consistent with a fair return for the service. The interest of the general public demands this.

The flat car movement on the Illinois Central, in particular, is quite limited, and, as Mr. Enochs declared, there would be no complaint if no flat cars should be furnished at all. (*Ibid.*, p. 164.) The open or gondola cars largely used come south laden with coal. Flat cars are extensively used in hauling machinery.

The statistics in evidence (noted *supra*) show that the old-time relation of empty car movement north and south has undergone a radical change in later years, so that now it is about equally balanced; and it is evident that but for the lumber traffic there would be a very great excess of empty movement north.

The complaint urged before the Commission of light loading by lumber shippers in comparison with others was practically abandoned. It could not withstand the proof to the contrary. And especially was it made to appear that where box cars were not loaded to full capacity it was due to lack of cubical space.

So far as the expense of the flat car movement is concerned, if the carriers had not provided themselves with

that cheap equipment, and same was needed, it was their own fault. It is not shown what proportion actually come south empty, what the cost of hauling them was nor how the "interchange car" account stood between defendants and other lines.

It can scarcely be considered that the expense attending the empty car movement could justify the advance on such testimony as we find in the record, especially since, during the existence of the lowest rates, the particular defendant railroads, now, as then, using the largest percentage of flat cars, found it profitable to concede from 2 cents to 3½ cents per 100 pounds out of the through rate to shippers who utilize logging roads. (Vol. I, p. 158.) This statement refers to the New Orleans & Northeastern and to the Mobile & Ohio, and to a practice inaugurated in February last by the Illinois Central.

Vol. I, p. 401.

XIII.

Since, as held in *Smyth vs. Ames*, 169 U. S. 466, the exactions of a common carrier must be limited to a fair compensation for the service rendered, and in *I. C. Comn. vs. Cincinnati, etc., R. Co.*, 164 U. S. 596, that a corporation is not entitled, as matter of right, to realize any given per cent. on its capital stock, and considering the *prima facie* presumption attaching to the Report of the Commission (recognized as an expert tribunal), and that the same is based on pertinent testimony, it follows, logically,

that, in order to support the pretension that any given rate is too low, the railroads should be able to show the cost and value of the service.

This requirement is obviously not met by proving an unascertained expense in handling empty flat cars, nor by proof that in certain localities, under unknown conditions, a larger rate per ton per mile is received by other carriers; nor by proof that, notwithstanding a decline in prices, immediately following the last advance in rates, improved business conditions, succeeding the Presidential election, brought about a stronger demand and better prices for lumber; nor by proof that an assumed normal relation between gross and net earnings has been disturbed by increases in the expense of operation, due, in large part, to investments in permanent improvements.

It must be true that, unless the moneys laid out by the defendant roads in permanent improvements, to enable them to better care for their growing business, has been unwisely spent, that means of reducing dividends will not be continuous in any appreciable degree.

In short, the disturbance of the normal relation complained of is manifestly due to causes that should command welcome, and not to any supposedly low commodity rate.

The position assumed by counsel for plaintiffs in the *Tift case*, and maintained by the Circuit Court in Georgia, was that, if a profit was derived from the lumber traffic (as frankly admitted by the defendants), it fol-

lowed that the revenue resulting from it must exceed the cost of the service, and that, how great or how small that profit was, the railway companies, which alone were in a position to know, failed to bring out the evidence. Hence, it was fair to conclude that the previously existing rates were remunerative to them.

See, also, *Minneapolis & St. L. Ry. Co. vs. Minnesota*, 186 U. S. 257.

XIV.

As to the testimony of experts.

If it be assumed that, in spite of interest and prejudgment, the traffic men who have testified to the reasonableness of the rates as advanced, have been entirely candid, it may still be urged that their opinions are no better than the reasons assigned for them; and, taking all their reasons, they still fail to show the want of an adequate return under their former rates, and all admit growth in the earnings of their several roads, and none show a real necessity for the additional burden upon the public.

But, aside from all this, it has been shown that these so-called experts were not fair in the preparation of their statistical tables either in respect to comparative rates or actual average earnings per ton per mile.

The simple story of the Southern Railway, as related by Mr. L. Green (its expert), in his last deposition (Vol. I, pp. 257-258, 254), is a complete refutation of his de-

mand for higher rates. Its progress is the wonder of Southern history. Organized in 1894,

> "it came into possession of a lot of properties poorly equipped and run-down in every respect; almost beginning with its organization, the expansion of its business began, so that its difficulties in taking care of the increased business were very much greater than those of the old lines that had been under good management for many years, kept up, improved and prepared to meet the increased business."

For the year ended June 30, 1903, its gross earnings had reached $42,354,000, and net earnings $11,364,920; and for the year ended June 30, 1905, its gross earnings were $48,145,108, and its net earnings $13,062,593.

The figures in its annual report, filed, will show how much of the gross earnings from operations went to pay for the 800 or more miles of lines held by the Southern under ninety-nine-year leases—making it apparent that the public is taxed to pay two sets of stockholders for the use of the same properties, as in case of the Illinois Central and Chicago, St. Louis & New Orleans.

Mr. Green, speaking for the Southern, admits that it has improved its service, increased its equipment, motive power and terminal facilities, and has obtained some benefit from it, and that what they thought in 1903 would be adequate equipment has not begun to meet the demands upon it.

It seems certain that but for the instigation of the Southern Railway the thoroughly considered rate situa-

tion, as established in 1899, would not have been disturbed

Lastly, while a recent advance has occurred in the prices of lumber, as indicated by dealers' values, quoted by several of the witnesses, the Court will observe that comparisons are made by the experts with the lowest prices heretofore prevailing for many years—viz., 1904, to prove the amounts of the advance. Not only that, but the prices the lumbermen have to pay for timber, labor and all material have also increased, so that, as shown above, their business in this article of common necessity, is still conducted on a comparatively narrow margin. Besides this, their plants depreciate at the rate of ten per cent. per annum, and in a short time will be a complete loss.

It is respectfully submitted that "no controlling reason of law or fact" has been advanced that should lead this Honorable Court to discredit or annul the conclusions of the Interstate Commerce Commission; wherefore, the decree appealed from ought to be affirmed.

Respectfully submitted,

T. M. Mill

Of Counsel for Appellee.

Case No. 588.

REPLY IN BEHALF OF THE COMMISSION TO SUPPLEMENTAL BRIEF OF COUNSEL FOR CARRIERS.

If counsel for the carriers had the framing of a code of what he calls "transportation laws," it is evident from those presented by him in his supplemental brief, he would only include such as favored the carriers and ignore such as have due regard to the interests of the public.

The twelve "rules or laws of transportation" formulated by him and set forth in his supplemental brief, are wholly inapplicable to this case (No. 588), because they ignore the facts, that it is the ADVANCE in the rate of which complaint is made and that the rate in force prior to the advance is not the subject of complaint, and, also, because they *assume* that the rate complained of is the result of competition, when the positive proof is that it was made by agreement or previous understanding between the defendants. (See original printed argument for the Commission of L. A. Shaver, pp. 17–19.)

If counsel for the carriers by his urgent appeal can induce this court to undertake the task of framing a code of transportation rules or laws, we suggest that the following should be incorporated in that code:

RULE I.

Bona fide and unrestrained competition can not advance rates. "The natural, direct, and immediate effect of competition is to lower rates." (171 U. S., 577.)

RULE II.

An advance of a previously existing rate, which was the product of competition and therefore presumed to be reasonably low, may result in an excessive rate, and it will be so held unless just grounds for the advance are shown by the carrier.

RULE III.

Where carriers by previous understanding or agreement make an advance in rates, the advance so made can not be held to be the product of unrestrained competition. The previously existing rates may have been the result of competition, but the advance can not be held to be the result of competition.

RULE IV.

Where carriers advance a rate long maintained and, when called on to explain, set up insufficient grounds therefor, the presumption is that such advance is unjust and unreasonable.

RULE V.

The burden of justifying an advance in a rate is upon the carrier, because, among other things, the grounds of justification lie "peculiarly within the knowledge" of the carrier.

RULE VI.

The test of the reasonableness of a rate is not the amount of profit in the business of the shipper, but whether or not the rate yields a reasonable return for the services rendered. "The public is entitled to demand that no more be exacted from it for the use of a public highway than the services rendered are reasonably worth." (169 U. S., 466.)

RULE VII.

Carriers have no right to participate in the prosperity of shippers by an *advance in rates.* They necessarily and properly participate in that prosperity by the increased business resulting to them therefrom. *The carriers to a large extent build up the country and in return the country builds up and sustains the carriers.*

RULE VIII.

There may be a large margin between a reasonable rate and a prohibitory rate, and traffic will move under rates until they reach the point of becoming absolutely prohibitory.

RULE IX.

The theory that a carrier has a right to exact "*all that the traffic will bear*", is not a correct theory of rate making. If sanctioned by the courts and put in force by carriers, it will result in making shippers or the public mere "hewers of wood and drawers of water" for the carriers.

RULE X.

Where the excess of the gross earnings of a carrier over its operating expenses has grown from year to year to such an extent as to result in a constant and material increase in net earnings, the fact that the percentage of operating expenses (including expenditures for permanent improvements) to gross earnings has grown to some extent does not *per se* justify an advance in the rates *charged the public*. (See original printed argument of L. A. Shaver for appellee, pp. 13, 18.)

RULE XI.

If there be a "normal proportion" of net earnings to gross earnings, the burden is upon the carrier to show what that proportion is. Net earnings can not be expected to increase in direct proportion to gross earnings. (138 Fed. Rep., 766.)

RULE XII.

If money to buy or pay for permanent improvements, such as real estate, rights of way, depot buildings, etc., is raised by advancing rates *charged the public*, then the public is made to furnish to the extent of such advance the capital or plant of the carriers and should be treated as part owner thereof or should be remunerated by the issuance of stock to the shipper.

RULE XIII.

The carrier has no right to make the rate *charged the public* dependent upon operating expenses when there is included in those expenses large expenditures for permanent improvements.

RULE XIV.

If additional revenue is needed to meet increased operating expenses incurred in the handling and transporting *of all traffic*, it should be raised by an advance in rates on traffic in general and the imposition of the burden on a comparatively few articles like lumber, is a discrimination against those articles in favor of traffic in general.

RULE XV.

If, in such case, it is proper to select a few articles, the selection should be made with due regard to the character of the traffic selected and the interests of the public. *The public is a party in interest.*

RULE XVI.

Lumber being an article of general use or necessity should not have been selected. (For other reasons why, see printed argument of L. A. Shaver, for appellee, pp. 28–32; also printed argument of T. M. Miller, for appellee, pp. 206–209.)

RULE XVII.

In order to show the reasonableness of a rate in question by comparing that rate with rates of other carriers operating in the same or different sections of country, it is necessary to prove that the circumstances and conditions attending the transportation under the latter rates are substantially similar to those attending the transportation under the former. (See printed argument of Mr. T. M. Miller, pp. 179–181.)

RULE XVIII.

In such case it is further necessary to show that the rates with which comparison is made are *per se* just and reasonable—in other words, that they are correct and proper *standards* of comparison, and the burden is upon the party setting up such standards to affirmatively show their correctness.

RULE XIX.

Rates made by agreement between carriers, and not the product of competition, can not be taken as *proper standards of comparison*.

RULE XX.

Distance or length of haul is an important element to be considered in fixing rates, and where a carrier exacts the same rate for a haul of 412 miles as for a haul of 730 miles, the presumption is that in the former case the rate is unreasonable.

RULE XXI.

If, as contended by counsel for the carriers, the advanced rate (16 cents) for the haul of 730 miles from Georgia to Cairo is reasonable, then it is unreasonable for the haul of 412 miles from Mississippi territory to Cairo.

RULE XXII.

Common carriers are quasi-public corporations deriving their franchises, or, in the language of this court, "their right to exist," from the public.

A railroad corporation, therefore, has a public duty to perform as well as a private interest to subserve, and in making rates to be charged the public can not act "solely with a view to its own interests and ignore the rights of the public." (169 U. S., 544; 164 U. S., 596, 597; original printed argument of L. A. Shaver, pp. 31, 32.)

II.

THE TWELVE RULES SET FORTH IN THE SUPPLEMENTAL BRIEF OF COUNSEL FOR THE DEFENDANTS.

We have not time to discuss separately and fully the twelve rules formulated by counsel for the carriers and set forth in his supplemental brief. Moreover, we do not deem it necessary in view of the twenty-two rules which we have formulated and set forth above.

Attention will, however, be briefly called to Rule I of counsel for the carriers. It is as follows:

"Where a rate upon a particular commodity is duly published and filed by a carrier with the Interstate Commerce Commission, the presumption is that it is *reasonably low*, and the burden is upon the party who insists that it is unreasonably high."

While the presumption may be, as stated in the above rule, that such rate is "*reasonably low*," the presumption also is that such rate is *reasonably high*. "*The presumption will always be that the compensation charged for a service or thing is sufficient to be reasonable.*" (85 Fed. Rep., bot. p. 114.)

The burden is upon the carrier to justify an *advance* in a rate presumed to be *already reasonably high*.

III.

INCREASED TAX UPON LUMBER MANUFACTURING INTERESTS BY THE ADVANCE IN THE RATE COMMENSURATE WITH ANY LOSS THE CARRIERS WILL SUSTAIN BY THE DOING AWAY WITH THAT ADVANCE.

Counsel for the carriers claims that the doing away with the 2 cents advance in the rate will result in an annual reduction of the revenue of the carriers to the extent of $230,000.

If this be so it follows that by advancing the rate the carriers laid an increased burden upon the lumber mill business of $230,000.

It is thus seen that the advance in rate imposed an additional tax upon the lumber mill men commensurate with any loss the carriers can sustain by canceling that advance.

IV.

Attention is asked to what is said in my original printed argument, p. 23, as to "TAP LINE ALLOWANCES," and on pages 24–26, as to proportions of through rate allowed "ORIGINATING ROADS."

The particular attention of the court is also called to the able and thorough printed arguments filed in behalf of the appellee by Messrs. Green & Green and T. M. Miller, esq.

Respectfully submitted.

By L. A. SHAVER,
For Appellee.

O

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No. 588.

In the Supreme Court of the United States.

OCTOBER TERM, 1906.

THE ILLINOIS CENTRAL RAILROAD COMPANY ET AL.,
APPELLANTS,
v.
THE INTERSTATE COMMERCE COMMISSION,
APPELLEE.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF LOUISIANA.

MOTION TO ADVANCE.

In the Supreme Court of the United States.

OCTOBER TERM, 1906.

THE ILLINOIS CENTRAL RAILROAD COMPANY et al., appellants,
v.
THE INTERSTATE COMMERCE COMMISSION, appellee.
} No. 588.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF LOUISIANA.

MOTION TO ADVANCE.

The Solicitor-General, on behalf of the appellee in the above-entitled cause, respectfully moves the court to advance the same on the docket for hearing during the pending term, for the following reasons:

1. The appellee is a Bureau or Department of the Government and the cause is a proceeding in equity under section 16 of the act to regulate commerce, approved February 4, 1887, as amended March 2, 1889, for the enforcement of an order of the appellee against the appellants.

2. The said act to regulate commerce, in section 16, requires the courts to hear and determine cases

for the enforcement of orders of the appellee "speedily," and said section of said act as further amended June 29, 1906, provides that cases of this character shall have in this court "priority in hearing and determination over all other causes except criminal causes."

3. The appellants on April 15, 1903, made an advance of 2 cents per hundred pounds in the rate on yellow pine lumber from the lumber-producing districts in that part of Louisiana east of the Mississippi River and in Mississippi and part of Alabama to Cairo and other Ohio River crossings, to wit, Evansville, Louisville, and Cincinnati, and points beyond. The order of the appellee in question in this case requires the appellants to cease and desist from enforcing the advanced rate. This order affects large interests of both the railway companies and the shippers, and the speedy determination of its lawfulness is highly important to said interests. It was approved by the court below.

There are, moreover, a number of cases pending before the Commission, the disposition of which will be controlled by this court's decision of the questions presented in the present case.

4. Counsel on both sides agree that this case may be assigned for hearing on Monday, April 22, 1907, or as soon thereafter as may suit the convenience of the court.

HENRY M. HOYT,
Solicitor-General.

O

Supreme Court of the United States.

No. 588.—October Term, 1906.

Illinois Central Railroad Company, Gulf and Ship Island Railroad Company, Southern Railroad Company, et al., Appellants,
vs.
The Interstate Commerce Commission.

Appeal from the Circuit Court of the United States for the Eastern District of Louisiana.

[May 27, 1907.]

This case involves the validity of an order of the Interstate Commerce Commission requiring the appellants "to cease and desist on or before the first day of April, 1905, from further maintaining or enforcing the unlawful advance of two cents per hundred pounds, or the said unlawful rates resulting therefrom, for the transportation of lumber from shipping points on defendants' respective lines in the State of Louisiana east of the Mississippi River and in the States of Mississippi and Alabama to Cincinnati, Louisville, Evansville, Cairo, and other points on the Ohio River commonly called and known as Ohio River Points."

The order was made in the matter of the complaint filed with the Commission by the Central Yellow Pine Association, an incorporated association composed of persons, firms and corporations engaged in the business of manufacturing yellow pine lumber in the States of Mississippi, Alabama, and that part of Louisiana east of the Mississippi River.

The complaint charged that the appellants were common carriers by rail, engaged in interstate commerce, and as such were engaged in the transportation of yellow pine lumber from the mills and lumber plants of the members of the Yellow Pine Lumber Association to the territory known as the "Central Freight Association Territory," which lies on the north of the Ohio River and on and between the Mississippi River on the west and a line running through Buffalo and Pittsburg on the east, and that the members of the association are dependent upon appellants for the transportation of their lumber to the markets of the country; that the appellants and the railways carrying yellow pine lumber to the same markets from the territory west of the Mississippi River, embracing the States of Texas, Arkansas and that part of Louisiana west of the river, by agreement or concert of action advanced the rate on yellow pine lumber from the territories both east and west of the Mississippi River on and

beyond the Ohio River in Central Freight Association Territory two cents per hundred pounds. The advance was made applicable south of the Ohio River and effective on and from April 15, 1903, except as to the Louisville and Nashville road, as to which it became effective June 22, 1903. And it was alleged that such advance was "unjust, unreasonable, as well as discriminative, in violation of the act to regulate commerce." The answer of the railways admitted the advance, but denied that it had the character and effect charged, but alleged that, on the contrary, it was reasonable and just and not in violation of law. The answers also specifically justified the advance by the conditions of the market and the traffic, including competition, and the costs of operating the roads. Testimony was taken on the issues thus formed.

The Commission sustained the complaint and made the order recited above. 10 I. C. C. R. 505. The railways refused to obey. The Commission then instituted this proceeding in the Circuit Court of the United States for the Eastern District of Louisiana, where further proof was taken and a decree rendered which affirmed the order of the Commission and made it the order of the court. The roads were also enjoined from further disobedience to the order. No opinion was filed. The testimony was voluminous, and the report and findings of the Commission are very long. They are reported in 10 I. C. C. R. 505, *supra*. The conclusions of the Commission are mingled somewhat with legal arguments, but the following may be selected as important and pertinent to the questions which the controversy presents:

The lumber producing districts are divided in territory (1) west of the Mississippi River; (2) territory east of the river; and (3) southeastern territory, composed of the States of Georgia, Florida and part of Alabama. The lumber of each of these districts competes in the sale of their products in "Central Freight Association Territory."

The roads of the appellants are located in and serve the second of these territories.

The advance in rates was made as well in territory west of the Mississippi River, "and was made, in fact, though not expressly, by agreement between the defendants (appellants) and the roads west of the river," after several meetings, at a consultation between the representatives of the roads. The roads east of the river took the initiative.

At Cairo traffic from a large portion of the lumber producing districts meets or converges *en route* to destination. The rates on other Ohio River crossings are based on Cairo; that is, they bear a fixed relation to the Cairo rate, being advanced or reduced as that rate is advanced or reduced. The through rates to points beyond the Ohio River in Central Freight Association Territory are made up of the full local rates of the

roads north of the Ohio as the proportions of those roads. Whatever is left of the through rates are the proportions of the roads south of the Ohio. The rates to interior points north of the Ohio are made on the lowest combination rates to the Ohio plus the rates beyond, and are blanket rates, being the same from all shipping points or points of production to the same destination. The rates to the Ohio are to the north bank and include the bridge tolls.

There are divisions of rates south of the Ohio between what are termed the "originating" roads, on which the lumber is principally manufactured, and the roads intermediate between them and the river.

There had been from time to time changes or fluctuations in the rate. Prior to 1894 the roads west of the Mississippi claimed and were allowed a differential of two cents. This placed at a disadvantage the shippers east of the Mississippi, and a readjustment of rates was made, and on May 1, 1894, the rate to Cairo from east of the Mississippi was reduced to thirteen cents per hundred pounds, the rate in force from west of the Mississippi. This rate remained until September 9, 1899, about five years, when it was advanced to fourteen cents, and so remained until April 15, 1903, nearly four years, when the advance of two cents complained of was made.

The railroads west of the Mississippi make a certain allowance to the mills which have "logging roads," that is, roads by which logs are hauled from the timber to the mills. This is called "tap line allowance or division." It ranges one to two cents per one hundred pounds, up to as high as six cents, and varies, to some extent, according to the destination of the traffic. The mills east of the river have logging roads also, but appellants make no allowance to them. The only exception is the Mobile and Ohio road, which grants allowances to about four mills on its line. The New Orleans and Northeastern road put in a tap line allowance of two cents, but other roads east of the river objected, and it was withdrawn. There does not appear to be any reason for such allowance west of the Mississippi which does not apply east of that river, and it amounts to a rebate or reduction from the regularly published rate, and gives an advantage to the mills west of the Mississippi over those east, although the published rates from both are the same.

The lumber business had grown from its inception and was largely and possibly more prosperous than it had been before, but the proof does not show that for two or three years preceding the advance the prices of mill products had materially increased or that the profits realized were unusual or excessively large.

As to the operating expense of the roads the Commission said:

"The proof shows increase in wages and in prices of material and equipment, but not in a marked degree for the two years, 1901 and 1902, imme-

diately preceding the advance rate. These increases have doubtless added materially to the operating expenses, but the total annual increases in those expenses are, of course, due only in part to the advances in wages and prices of supplies and equipment. They are attributable in a great measure to the constant growth or enlargement of the business of the roads. Not only has the lumber business of the roads greatly increased, but their business in general. The greater the volume of business, the greater is the aggregate cost of conducting it, or, in other words, of operating the roads. The total operating expenses of the roads, as reported by them, have also been much enlarged by the inclusion therein of large expenditures for permanent improvements.

* * * * * *

"While the operating expenses of the defendants have constantly grown, the gross earnings from operation have also increased from year to year to such an extent as to have resulted in a constant increase in net earnings. This is shown in the tables set forth in our findings of fact (finding 14.)"

Sufficient cause was not shown, either in the alleged profit in the lumber business or in the increase cost of operating the roads, for the advance in the rates on lumber. And answering the contention that the former rate was not adequately remunerative, the Commission expressed the view that "reasonableness in this sense of a rate on a *single article* of traffic is one of almost insuperable difficulty." And further, that the value of the entire property of a road "can shed but little, if any, light upon the question." The rate on one article might reasonably or unreasonably be high and the total of rates be remunerative or otherwise. But, it was concluded, even if that be a mistaken view, it was impossible with any degree of accuracy to determine from the voluminous and conflicting testimony on the subject introduced in behalf of both parties what was the value of the property employed by the roads. The Commission thought that the elements to be considered in determining the reasonableness of an entire system of rates were "widely variant" from those to be considered in determining the reasonableness of a single rate, and expressed the elements upon which the latter depends to be "the value, volume, and other characteristics affecting the transportation of the particular commodity to which it is applied." The Commission referred to its findings of facts as having "many things disclosed by the evidence" which bore directly upon the reasonableness of the particular rate in question, and which aided it in arriving at a correct judgment in respect thereto, saying that:

"In the first place, the present advanced rate is the last (up to date) of a series of advances and was made by joint or concerted action of the carriers. It is claimed by them that in advancing the rate they acted independently, each for itself, but the proof shows conclusively that the advance was the outcome of a concert of action and a previous understanding between the companies. Through their authorized official representatives they conferred with each other repeatedly as to the making of an ad-

vance; recognized the fact that, because of competition in common markets between the lumber producing districts served by them, the advance should be from all those districts or none, and finally they all promulgated the advance to take effect at exactly the same time and for exactly the same amount. This concurrence of action was not only between the railway companies, parties defendant in this case, and in relation to the rates charged by them, but was participated in by the lumber hauling roads serving the territories west as well as east of the Mississippi River."

The fourteen-cent rate in force at the date of the advance had been maintained nearly four years, and a still lower rate, thirteen cents, had been maintained for the preceding five years and four months. And the testimony of the officers of the roads was that there was a profit in both rates. The answer also admitted profit, but averred that lumber "was not an exceedingly profitable commodity." The Commission said:

"No reason is given or shown why lumber should be singled out as a commodity upon which an 'exceedingly' large profit should be earned. A reasonable profit is all the defendants are entitled to, and the testimony is far from convincing us that the profit under the fourteen-cent rate was not reasonable or would not now be reasonable. As stated in our 'Findings of Facts,' the fourteen-cent rate appears to be reasonably high when compared with the rates on other commodities which are at all analogous to lumber in respect to value, volume and the various conditions affecting the service of transportation. During the period from 1894 to 1899, while the thirteen-cent rate was operative, there were large annual increases in the net earnings of the defendants, and the same was the case from 1899 to 1903, while the fourteen-cent rate was operative (Finding 15). During those periods there was also a large growth in the tonnage of lumber hauled by the defendants, and, therefore, their increases in net earnings were in part, at least, derived from the lumber traffic under those rates. Dividends have been declared during those periods, and in addition considerable surpluses have been reported (Finding 16) and large sums have been invested in permanent improvements or betterments (Finding 14)."

The seventh and eighth conclusions of the Commission we give entire, as follows:

"The defendants, other than the originating roads, complain of the small amount of revenue or low rate per ton per mile realized by them out of their proportions of the through rates. This is due to the large allowances out of the rates made to the originating roads. (See Findings 3 and 4.) Those allowances commenced under the lower rates in force prior to the advance and raise the presumption that those lower rates, minus the allowances were then considered reasonably remunerative for the remainder of the hauls to the Ohio River crossings. As the two cents advance goes entirely to the roads continuing the transportation on to the Ohio and none of it to the originating roads, the inference is that advance was made solely with a view of increasing the proportions of the former roads. If the allowances to the originating roads are unreasonably large, as they appear to be from a distant standpoint, and result in unreasonably low proportion to the other roads, this cannot be remedied by an advance in the

total through rates charged the public. It is the total rate, and not its proportions, which is in issue.

"Although both the net and gross earnings of the defendants have grown from year to year, the percentages of what are reported by the defendants as 'operating expenses' to earnings have also somewhat increased (Table, finding 14), and this is urged as showing the necessity for an advance in the lumber and some other rates. It is to be noted that these operating expenses embrace large annual expenditures for 'real estate, right of way, tunnels, bridges, and other strictly permanent improvements, and also for equipment, such as locomotives and cars.'"

And the Commission said repairs, whether to improvement or equipment, were properly chargeable to operating expenses, but that expenditures for improvements and equipments should not "be taxed as part of the current or operating expenses of a single year, but should be, so far as practicable, and so far as rates exacted from the public are concerned, 'projected proportionately over the future.'" It was said further, if such expenditures should be deducted from the annual operating expenses it would be found that the percentage of operating expenses to earnings had, in some instances, diminished, and in others increased, to no material extent.

The tenth and eleventh conclusions are as follows:

"10. The general rule is, the greater the tonnage of an article of traffic, the lower is the rate. No rule is more firmly grounded in reason or more universally recognized by carriers. It is because of the greater density of traffic north of the Ohio River in Central Freight Association Territory and in Eastern Territory that rates in general are materially lower in those territories than in Southern Territory. The defendants have made yellow pine lumber an exception to this rule; while the tonnage in general of the defendants and lumber tonnage in particular have grown greatly, the lumber rate has not been lowered but has been materially advanced. Moreover, the testimony is that 'a decrease in the rates on traffic in general has been going on throughout the United States since the improvements in transportation have been put in operation;' here, again, lumber has been taken from under, and deprived of the benefits of, the general rule.

"11. As said in *Marten* v. *L. & N. R. R. Co.* (9 I. C. C. R. 589) and shown by the proof in this case, 'lumber is an inexpensive freight and only a few other commodities furnish to carriers so large a tonnage.' The lumber business is constant, yielding the carriers revenue all the year; no special equipment is constructed or furnished for its carriage; it is loaded by the shipper and unloaded by the consignee, and where open cars are furnished, the shipper is required at considerable expense to equip them so as to protect the load and the train; there is small risk incident to its transportation and, in case of accident, the damage is insignificant. For these reasons lumber should be given rates which are relatively low.

"Our conclusion on the whole is that the advance, April 15, 1903, of two cents in the Cairo rate (with a corresponding increase in the rates to the other Ohio River crossings) was not warranted under all the facts in evidence, and that the resultant increased rate is unreasonable and unjust. An order will be issued in accordance with these views."

Mr. Justice McKenna delivered the opinion of the Court.

Counsel for appellants in his oral argument made the declaration that it would not be necessary for this court to open the pages of testimony contained in the record, and says in his supplemental brief:

"I do not insist that this court shall read the voluminous testimony contained in these records, but I do most respectfully ask it to lay down the rules or principles of transportation law which are fairly involved in the just determination of these cases, and to remand them to the Commission to be re-examined upon the testimony in conformity with the principles of transportation law to be announced by this court."

To what, then, shall we resort? How shall we determine what "principles of transportation law" were involved? How determine whether they were recognized and applied, or denied and rejected by the Commission, and, necessarily, by the Circuit Court? An examination of the testimony by concession of counsel is out of the question. And the findings of the Commission are made by law *prima facie* true. This court has ascribed to them the strength due to the judgments of a tribunal appointed by law and informed by experience. *Louisville & Nashville Railroad Co.* v. *Behlmer*, 175 U. S. 648; *East Tenn. &c. Railroad Co.* v. *Interstate Commerce Commission*, 181 U. S. 1, 27. And in any special case of conflicting evidence a probative force must be attributed to the findings of the Commission, which, in addition to "knowledge of conditions, of environment and of transportation relations," has had the witnesses before it and has been able to judge of them and their manner of testifying. In the case at bar these considerations are reinforced by a concurrent judgment of the Circuit Court.

The question is one of the reasonableness of a rate, and such a question was said to be one of fact in *Texas & Pacific Ry.* v. *Interstate Commerce Commission*, 162 U. S. 197; *C. N. O. & T. P. Ry.* v. *Interstate Commerce Commission*, 162 U. S. 184. In these cases, however, it was declared that the conclusions of the Commission are subject to review if it excluded "facts and circumstances that ought to have been considered." Upon this declaration appellants rely, and justify their invocation that this court express and enforce the principles of transportation which, they contend, the Commission disregarded; and appellants venture the observation that unless this be done "there will be no settled principles of law for the guidance of either the Commission or of the courts," and that "the interstate railroad companies will be the only persons in this country who will not be able to obtain the opinion of the courts upon questions of law which vitally affect their interest." We think the apprehension is groundless and is demonstrated to be groundless by the cases cited. In all of them legal propositions were reviewed as elements in the inquiry of the reasonableness

of a rate. Those cases, however, are in marked contrast to the pending case. It will be observed that in them the instances were very simple. There was a salient circumstance in each of them about which there was no uncertainty. In other words, it was unconfused by dispute and was not put to question by a conflict of testimony. A definite legal proposition unmixed with fact was presented and the only act of judgment exercised by the Commission was to reject it.

In *Cincinnati, New Orleans & Texas Pacific Railway* v. *Interstate Commerce Commission*, passing on the effect of a shipment on a through bill of lading to give jurisdiction to the Commission (in which the Commission was sustained), the questions presented were the power in the Commission to fix a maximum rate, and whether competitive conditions could be considered by a railroad in fixing a greater charge for a shorter than a longer distance on its own line. It was decided that the power to pass on the reasonableness of an existing rate did not imply the power to prescribe a rate. On the conditions affecting competition, it was not found necessary to pass, but the following passage is worth the quoting as bearing on the contention of appellants:

"It has been forcibly argued that, in the present case, the Commission did not give due weight to the facts that tended to show that the circumstances and conditions were so dissimilar as to justify the rates charged. But the question was one of fact, peculiarly within the province of the Commission, whose conclusions have been accepted and approved by the Circuit Court of Appeals, and we find nothing in the record to make it our duty to draw a different conclusion."

In *Texas & Pacific Railway* v. *Interstate Commerce Commission* ocean competition as constituting a dissimilar condition and as justifying a difference in rates between import and domestic traffic was the circumstance considered. The Interstate Commerce Commission had ruled against such competition as a factor and condemned rates made in view of it to be undue and unjust. The court observed:

"But we understand the view of the Commission to have been that it was not competent for the Commission to consider such facts—that it was shut up by the terms of the act of Congress, to consider only such 'circumstances and conditions' as pertained to the articles of traffic after they had reached and been delivered at a port of the United States or Canada."

And further:

"We have, therefore, to deal only with a question of law, and that is, what is the true construction, in respect to the matters involved in the present controversy, of the act to regulate commerce? If the construction put upon the act by the Commission was right, then the order was lawful; otherwise it was not."

The ruling of the Commission was reversed.

In *Interstate Commerce Commission* v. *Alabama Midland Railway*, 168 U. S. 144, there was passed upon a decision of the Commission that the competition of river lines of transportation was not a factor to be considered when determining whether property transported over the same line is carried under "substantially similar circumstances and conditions," as that phrase is found in the fourth section of the Interstate Commerce Act. The decision was declared to be an erroneous construction of the act.

In *Louisville & Nashville Railroad Co.* v. *Behlmer* (passing by subordinate questions) the dominant element was the construction of the fourth section of the Interstate Commerce Act. The Commission and the Circuit Court of Appeals, it was said, "mistakenly considered as a matter of law that competition, however material, arising from carriers who were subject to the act to regulate commerce could not be taken into consideration, likewise that competition, however substantial, not originating at the initial point of the traffic, was equally as a matter of law excluded from view."

In all these cases, therefore, there was a single, distinct and dominant proposition of law which the Commission had rejected, and the exact influence of which, in its decisions, could be estimated. Indeed, they were mere constructions of the statute, the delegation of the Commission's duties and power. Let us now see what the propositions are which appellants propose for our adoption. They are presented as presumptions of law, which dispense with evidence until rebutted or countervail evidence by their probative force. (1) That the rate published by a carrier is reasonably low. (2) A rate upon a commodity, made by the competition of carriers, is reasonably low, and the burden is on him who assails it. (3) A rate upon a commodity as low, or lower, than the majority of rates charged by other carriers for the transportation of the same grade of commodities for similar distances in the same or other territory, is reasonably low, and the burden is upon him who insists that it is unreasonably high. (4) A rate charged by a carrier which has the "strongest possible motive" to develop and increase a traffic in a particular commodity, and has maintained such rate for a "long series of years," so as to have induced a large and continuous increase of business in that commodity and of the capital invested, is reasonably low. (5) Rates being so adjusted upon a commodity, so as to enable it to move with profit to the shipper, whatever the conditions of the market, reducing the rates as the market declines, only increasing them as the market improves, a particular increase is reasonable, if it be shown that the percentage of increase has been greater in the price of the commodity than in the rates on it. (6) Rates reduced to meet a market depression and kept in effect during the depression, and increased when the depression ceases which does not cause the increased rates to exceed the

rates that were maintained by the carrier, prior to the depression, are reasonable. (7), (8) Increase in rates upon all commodities impartially to meet largely increased expenditures on account of an abnormal increase in the volume of traffic is reasonable, "provided the gross earnings of the carrier yield less than the normal proportion of net earnings." Or provided the percentage of increase has been greater in the operating expenses of the carrier than in the rates upon the commodity. (9), (10) Upon the supposition that certain improvements have been made necessary by "an abnormal increase of traffic," they should be taken into account in determining the reasonableness of an increase of rates upon a commodity, whether as a matter of bookkeeping the expenditures should be charged to capital account or to the operating expenses; and without regard to the fact whether such expenditures have been paid out of the carrier's earnings or have been provided for by the issuance of bonds. (11) A rate on a commodity is profitable if it exceeds the cost of its movement; and, yet, the rate may be unreasonably low, if it does not contribute its fair share to operating expenses, taxes and fixed charges.

If these propositions should be granted as axioms of transportation there is the difficulty, as we have already pointed out, of determining to what extent—that is, whether to prejudicial extent, if at all—they were disregarded by the Commission and by the Circuit Court. The Circuit Court affirmed the order of the Commission, and it is an instant assumption that the court considered all the elements in the testimony and inferences from it. And the propositions of appellant are inferences of mixed law and fact, hence disputable—may be overcome or counterpoised, and, therefore, the court in reaching its ultimate judgment may have given them all the weight to which they were entitled.

It is almost impossible to discuss the contentions of appellants without bringing forward the elemental. A presumption is the expression of a process of reasoning, and most, if not all, the rules of indirect evidence may be expressed as such. We cannot go far in the investigation of any controversy without finding ourselves compelled to infer one fact from another, but we would not therefore be justified in declaring such inferences legal axioms. It is to this that appellants invite us and seek to erect disputable inferences from conduct that may have many explanations into intendments of law.

In this connection *Texas Pacific Railway* v. *Interstate Commerce Commission*, *supra*, is an instructive case. In that case, we have seen, it was decided that whether the rate was reasonable or unreasonable, was a question, whatever its theoretical nature, for the tribunal that decides upon matters of fact. Among other cases cited to sustain that position was

Denaby Main Colliery Company v. *Manchester &c. Railway Company*, 3 Railway and Canal Traffic Cases, 426. In that case it was declared that reasonableness of a rate was a question of fact and not reviewable by an appellate court, unless circumstances which ought to have been considered were not considered, and that a decision must be arrived at fairly looking at all the circumstances that are proper to be looked at. The appellant in the case contended against the consideration by the railway commissioners of competition between two places, and the Court of Appeals, replying, said:

"If the appellants can make out that, in point of law, that is a consideration which cannot be permitted to have any influence at all, that those circumstances must be rigidly excluded from consideration, and that they are not circumstances legitimately to be considered, no doubt they establish that the court below has erred in point of law. But it is necessary for them to go as far as that in order to make any way with this appeal, because once admit that to any extent, for any purpose, the question of competition can be allowed to enter in, whether the court has given too much weight to it or too little, becomes a question of fact and not of law. The point is undoubtedly a very important one."

And it may be well to say here as a suggestive principle throughout that, it was pointed out, such conclusions of fact were "to be arrived at, looking at the matter broadly and applying common sense to the facts that are proved." The remarks of Willes, J., in *Phipps* v. *London & North-Western Railway*, 2 Q. B. D. 1892, pp. 229, 236, when the case was before the Railway Commissioners, were in effect approved. This court also quoted them. Willes, J., said, speaking of the questions of undue or unreasonable preference or advantage to or in favor of any particular person under section 2 of the Railway and Canal Traffic Acts, that they were eminently practical, "and if this court once attempts the hopeless task of dealing with questions of this kind with any approach to mathematical accuracy, and tries to introduce a precision which is unattainable in commercial and practical matters, it would do infinite mischief and no good."

It is conceded, as we have said, that the presumptions contended for by appellants are mixed of law and fact, except, may be, those which we shall presently consider. If either element is dominant in such presumptions, it must be that of fact. In other words, the fact must be ascertained before the law draws its inference. This is especially pertinent to the propositions urged by appellants. Let us illustrate. Take, for example, the second proposition that "a rate upon a commodity *made by competition* of carriers is reasonable law, and the burden is on him who assails it." But suppose competition is not established or is disproved, what becomes of the inference and the onus of proof dependent upon it? The question

marks the condition that appellants encounter in the findings of the Commission. The findings of the Commission in effect negative the facts upon which the propositions depend. In still greater degree there is illustration in the first proposition. That proposition is an inference from an inference, as we shall presently point out. The reasonableness of the rate is inferred from competition, and competition is inferred from the publication of the rate.

This comment, it may be said, is not applicable to the ninth and tenth propositions of appellants, as they present propositions of law which were not only disregarded by the Commission, but the antithesis of them was asserted in the eighth finding. This contention must be specifically considered. The Commission finds that the net and gross earnings of the appellant have grown from year to year, and also that what they have reported as operating expenses have also grown. But in these operating expenses there were included "expenditures for real estate, right of way, tunnels, bridges, and other strictly permanent improvements, and also for equipment, such as locomotives and cars." The Commission expressed the opinion that such expenditures should not be charged to a single year, but "should be, so far as practicable and so far as rates exacted from the public are concerned, 'projected proportionately over the future.'" And it was said: "If these large amounts are deducted from the annual operating expenses reported by the defendants (appellants), it will be found that the percentage of operating expenses to earnings has in some extent diminished and in others increased to no material extent." The exact effect of the difference of view between appellants and the Commission as to operating expenses there is no test, but it cannot be said, even if the Commission was wrong as to such expenses, that error in its ultimate conclusion is demonstrated or that the correctness of the conclusion is made so doubtful as to justify a reversal. The findings show that the old rates were profitable and that dividends were declared even when permanent improvements and equipment were charged to operating expenses. But may they be so charged? Appellants contend that the answer should be so obviously in the affirmative that it should be made an axiom in transportation. On principle it would seem as if the answer should be otherwise. It would seem as if expenditures for additions to construction and equipment, as expenditures for original construction and equipment, should be reimbursed by all of the traffic they accommodate during the period of their duration, and that improvements that will last many years should not be charged wholly against the revenue of a single year. But it is insisted that *Union Pacific Railway Co.* v. *United States*, 99 U. S. 402, establishes the contrary. That case was not concerned with rates of transportation or

the rule which should determine them against shippers. It was concerned with the construction of the words "net earnings" in an act of Congress, five per cent of which earnings were provided to be applied annually to a loan by the Government to the railroad. Considering the provision of the act and its purpose, it was concluded "that the true interest of the Government" was "the same as that of stockholders, and would be subserved by encouraging a liberal application of the earnings to the improvement of the works." "It is better," it was said, "for the ultimate security of the Government in reference to the payment of its loan, as well as for the service which it may require in the transportation of its property and mails, that a hundred dollars should be spent in improving the works, than that it should receive five dollars towards the payment of its subsidy. If the five per cent of net earnings, demandable from the company, amounted to a new indebtedness, not due before, like a rent accruing upon a lease, a more rigid rule might be insisted on. But it is not so; the amount of the indebtedness is fixed and unchangeable. The amount of the five per cent and its receipt at one time or another is simply a question of earlier or later payment of a debt already fixed in amount. If the employment of any earnings of the road in making improvements lessens the amount of net earnings, the Government loses nothing thereby. The only result is, that a less amount is presently paid on its debt, while the general security for the whole debt is largely increased." The interest of the Government in the improvement of the road was even greater than that of a stockholder. This was manifest from its munificent gift of lands, in addition to its generous loan of credit. As benefactor of the road and as creditor of it, as a Government concerned with the development of the country, as a money lender concerned with the extent of security, "the true interest" of the United States might be that revenue should be applied to improvements. Payment of the debt was only postponed, not denied, and this and the other considerations, might well determine the construction of words in the statute which were capable of different meanings. But such is not the relation or concern of a shipper of lumber. His right is immediate. He may demand a service. He must pay a toll, but a toll measured by the reasonable value of the service. The elements of that value may be many and complex, not always determinable, as we have seen, with mathematical accuracy, but, we think, it is clear, that instrumentalities which are to be used for years should not be paid for by the revenues of a day or year; and this is the principle of returns upon capital which exists in durable shape.

The first proposition submitted by appellants may also be said to be so far absolute and independent of evidence as to be considered as a presumption of law simply. This is contended on the authority of *Van Paten*

v. *Chicago, Milwaukee & St. Paul Railway Co.*, 81 Fed. Rep. 545. It is difficult to analyze the case briefly. It was an action of damages against the railroad for charging unjust and unreasonable rates under the assumption that sections 8 and 9 of the Interstate Commerce Act gave such an action, though the railroad had charged according to the schedule of rates filed with the Interstate Commerce Commission. The answer of the railroad set up the schedule and that rates had been charged shippers in accordance with it. The court overruled a demurrer to the answer and adjudged the defense good. The court discussed the question in an elaborate opinion, and, led by the difficulties of applying all of the provisions of the act, which were enacted, the court observed, to correct "the mode in which carriers imposed their charges," sought in the act itself a standard of reasonableness.

The court, in its opinion, referred to the evils which had existed—rebates from published schedules, preferences and discriminations against shippers—and the purpose and hope of the act to correct them through the requirement of an imperative statutory standard, and by that, and other requirements, to establish free competition between railroads and, as a result of competition, reasonable rates. But it was not said or intended to be said that competition followed as a presumption of law in any given case. The court did not intend to assert a rule deduced from the conduct of railroads—conduct so far constant that the law would base a presumption upon it and forever fix it as one of its intendments. Indeed the court meant to do no more than to deny a right of action for unreasonableness in the rates as filed. And this court, in *Texas & Pacific Railway Co.* v. *Abilena Cotton Oil Co.*, 204 U. S. 426, has decided that the redress of a shipper for such unreasonableness must be through the Interstate Commerce Commission. It is certain that a presumption that was sufficient to defeat an action in the Circuit Court could not be urged to defeat an inquiry by the Commission. Of course, if a complaint should be filed before the Commission and no proof adduced to support it, we cannot doubt but that the complaint would be dismissed; but this because of the principle that the party who asserts the affirmative in any controversy ought to prove the assertion, and that he who denies may rest on his denial until, at least, the probable truth of the matter asserted has been established. "The reason is obvious: to all propositions, which are neither the subject of intuitive or sensitive knowledge, nor probabilized by experience, the mind suspends its assent until proof of them is adduced." Best on Presumptions, sec. 32.

There are other contentions of appellants which we think are untenable. One only needs comment. It is said that it was error to hold the advance

unreasonable and unjust because the charges made on lumber to Cairo and other points on the Ohio River "are mere divisions of through rates, the justness of which neither the Interstate Commerce Commission nor the Circuit Court has any jurisdiction to determine." Indeed, it is said, to do so is an exercise of a legislative function. We think the contention is in effect answered by *Cincinnati, New Orleans & Texas Pacific Railway* v. *Interstate Commerce Commission*, 162 U. S. 184. If the contention is intended to be as extensive as its words seemingly make it, it would withdraw from the supervision of the Interstate Commerce Commission and from the courts every shipment over two or more railroads. There necessarily must be some apportionment of the rates between such roads, and whether the advance should be made in the rates over one road or the other, or in the rates over all, can make no difference. In other words, it is competent for the Commission or the courts to consider the through rate, however composed. It must not be overlooked that the Commission and the Circuit Court found that the advance in the case at bar was made by agreement between the roads, and was not the individual action of each, induced by competition. It is true the contrary fact is asserted. It is asserted, that such action was the result of competition, and, that the "legal value" to which competition was entitled was not given it. The argument to support the contention has not convinced us. The inquiry was essentially one of fact, and the attempt to make competition an inference of law and dominating against the findings of the Commission and their affirmance by the Circuit Court we have already rejected.

But little more discussion is necessary. The concession of counsel with which we have commenced this opinion is a frank recognition of the effect which this court has given to the decisions of the Interstate Commerce Commission on questions of fact. And we have said very recently: "The statute gives *prima facie* effect to the findings of the Commission, and when those findings are concurred in by the Circuit Court, we think they should not be interfered with, unless the record establishes that clear and unmistakable error has been committed." *Cincinnati, Hamilton & Dayton R. R.*, v. *Interstate Commerce Commission, ante,* page .

It is true, appellants assert, that clear and unmistakable error has been committed, but upon ground untenable as we have seen. And the present case above all others calls for the application of the rule. The question submitted to the Commission, as we have said, with tiresome repetition perhaps, was one which turned on matters of fact. In that question, of course, there were elements of law, but we cannot see that any one of these or any circumstances probative of the conclusion was overlooked or disregarded. The testimony was voluminous. It is not denied that it was

conflicting and, by concession of counsel, it included a large amount of testimony taken on behalf of appellants in support of the propositions contended for by them. Whether the Commission gave too much weight to some parts of it and too little weight to other parts of it is a question of fact and not of law. It seems from the findings, report and conclusions of the Commission that it considered every circumstance pertinent to the problem before it.

Further testimony was taken by the Circuit Court and its judgment confirmed that of the Commission and approved its order.

Decree affirmed.

Mr. Justice MOODY took no part in the decision of this case.

Mr. Justice Brewer dissents.

True copy.

Test:

Clerk Supreme Court, U. S.